

EUROPEAN NEWS

Bundesbank may further liberalise capital markets

BY JOHN DAVIES IN FRANKFURT

Banks in West Germany may be able to introduce Deutsche Mark Certificates of Deposit (CDs) from spring next year in a further liberalisation of the country's capital markets.

The Bundesbank, West Germany's central bank, is expected to give the go-ahead shortly for such a move, after approving other financial innovations earlier this year.

Certificates of deposit, which are already widely used elsewhere, are in effect receipts for short-term bank deposits and can be traded.

Several months ago, it was generally thought that the Bonn Government might have to introduce legislation if CDs were to be allowed. But the trend of thinking at the Bundesbank now is that a change in the law might not be necessary.

The Bundesbank's policy making central council is due to meet on November 21, but it is not certain that a decision in favour of CDs could come so soon. In any case, it would be several months before technical details of their introduction could be finalised.

Introduction of CDs has major implications for the question of banks' minimum reserves. By law, the Bundesbank requires banks to set aside a certain percentage of various types of deposit in minimum reserves.

Leading bankers have been arguing that all minimum reserves should be abolished or else that CDs should not be subject to minimum reserve requirements. Mr Karl Otto Poehl, the Bundesbank president, made clear this week that there was no question of abolishing minimum reserves.

In a separate development, meanwhile, the Bundesbank has taken a step believed to be aimed against proposals made recently by Mr Jacques Delors, president of the European Commission, for strengthening the European Monetary System (EMS).

The central bank confirmed yesterday that it had sent a letter to Mr Gerhard Stoltenberg, the Finance Minister, in Bonn.

It declined to disclose the contents of the letter, but it is believed to caution against Mr Delors' proposals.

It is already known that senior Bundesbank officials have strong reservations about Mr Delors' suggestions that the EMS should be formally incorporated as part of the EEC's constitutional framework in the Treaty of Rome and that the EEC Commission should play a larger role in overseeing the EMS.

The central bank officials believe such moves could weaken the Bundesbank's role

Andriana Ierodiaconou in Athens reports on the decline of the world's most glamorous merchant fleet

Greek shipping industry faces the harsh realities

MENTION of the word "shipping" brings a pained look to the faces of Bank of Greece officials these days, as they contemplate the hard times which have befallen the country's most glamorous industry.

The popular image of tycoons like Aristotle Onassis directing merchant fleet empires from their private islands in the Aegean has faded before the harsh reality of bankruptcies and idle fleets. The central bank calculates that invisible earnings from shipping plunged by \$726m between 1981 and 1984.

Earnings have continued to tumble in the first seven months of this year, down by 7.7 per cent relative to the same period in 1984. A sick Greek merchant fleet means a sick European Community fleet—Greek-owned vessels make up about 70 per cent of open registry tonnage traceable to ownership in the EEC, while over 38 per cent of Community tonnage flies the Greek flag.

In the port and commercial centre of Piraeus, for every three new companies setting up shop along the 2 km waterfront stretch of concentrated shipping activity, four are closing.

In the early 1970s, a decade of boom in shipping, the ratio was four companies arriving to one leaving, today the latter group includes not only shipping companies but banks, which have decided to cut their losses and quit an industry which has landed the international banking system with an estimated \$70bn in exposed loans.

Although the exact number of shipping companies going under is difficult to calculate—one owner may run several ships each as a different company, while other companies

Militant left-wing and Conservative trade unions opposed to the Greek Socialist Government's economic austerity programme, staged a nationwide strike yesterday demanding the lifting of a two year wage freeze and the restoration of full index linking of wages in the public and private sector.

In Athens, the most striking sign of the stoppage was combat green army trucks doing substitute bus duty. Greece's 350,000 civil servants, most of whom are concentrated in the capital, did not take part in yesterday's action in favour of a separate

24-hour strike on November 28. At midday, several thousand demonstrators staged a protest march to Parliament, blocking off Athens' central square to traffic for about two hours.

Commercial and civic life appeared crippled rather than totally paralysed, reflecting the fact that the strike was boycotted by a proportion of Socialist workers loyal to the Government.

The loyalists now hold a minority of seats in the leadership of the Greek trade union congress. Yesterday's strike was organised by the majority in the leadership, an

informal coalition of dissident socialists and Communists, who split off last month and elected their own congress president.

Of Greece's 161 trade union federations, 35 responded to the strike call, covering a range of basic services in the private and public sector. These included banks, civil air and Olympic Airways personnel, electricity, telecommunications, the Post Office, urban transport, schools and hospitals. A number of industries were affected, including textiles, cement, construction, and food processing.

Given this mixed picture, both the strikers and the Government claimed to have carried the day yesterday.

Mr Evangelos Vlassopoulos, the Labour Minister, described the strike as a "crushing failure" and said over 80 per cent of workers had shown up for work.

The strike organisers on the other hand insisted that 1.5m of Greece's 2.5m non-agricultural workforce responded to their call. They asked workers to "remain on the alert, because if our demands are not met in a few days, we will intensify the struggle."

the year disaster struck in the shape of international terrorism. The dramatic hijacking by Shi'ite gunmen of a TWA flight flying from Athens to Rome in June, which led to a US State Department travel advisory against Greece, is conservatively estimated to have cost Greek tourism \$80m in revenue. About 100,000 Americans, about a fifth of the total expected arrivals in 1985, cancelled their reservations.

On the Government level, the economic repercussions of the travel advisory have led to a sharp sprucing up of anti-terrorism security. Entry points, particularly airports, are more tightly monitored, and an eye kept on Arab activity in Greece. Co-operation with security services in other Western countries, in the past an area of complaint against Greece, has been stepped up significantly.

The National Tourist Organisation is planning to launch a new public relations campaign in the US in early 1986. According to a senior NTTO official, "everybody knows about bouzouki and the Acropolis. We are going for a brand new image."

So far the organisation has no plans for such a campaign director at Britain: it is judged that the one terrorist incident involving British holidaymakers, who top arrivals to Greece—the bombing of a Glyfada beach hotel in September—has had no long term effects on the UK market.

"We have to do all we can to restore confidence in Greece, then sit back and pray for sunshine," one Greek tourist businessman said. At the Bank of Greece, they couldn't agree more.

Riksbank to lower penalty rate for bank borrowing

BY DAVID BROWN IN STOCKHOLM

THE SWEDISH central bank, Riksbank, will today lower by one percentage point the 14 per cent penalty rate which it applies to bank borrowing above a certain level.

The penalty rate has been lowered three times in the last five months since a run on the krona forced the Riksbank to drive the rate close to a record level of 16 per cent in May.

However, the discount rate has been left unchanged at 10.5 per cent and Sweden still has some of the highest interest

rates in Europe reflecting its weak external payments position and an inflation rate that is significantly higher than those of its major trading partners.

The Riksbank has allowed money market rates to fall gradually in recent weeks—short term paper is now traded at about 13.10 per cent—and termed the latest move an "adaptation" which reflects a currency inflow which has produced a slight surplus for the year.

Europeans not yet sold on supranational currency

BY IVO DAWNAY IN BRUSSELS

THE European Currency Unit (Ecu), still only seven years old, is nonetheless proving a precociously fast developer in the international family of currencies, the banking community claims.

Yet, at the same time, only a third of the 6,552 Europeans questioned in an opinion poll published yesterday have ever heard of it.

The new study, sponsored by Banque Bruxelles Lambert, Credit Agricole and the Cassa Di Risparmio Delle Province

Lombardie, was clearly commissioned to lend weight to the campaign for greater use of the Ecu by the public at large.

It points out that seven out of 10 respondents were aware of media coverage of stock exchange movements and monetary developments, while nearly half had travelled abroad during the past three years.

When asked to identify the Ecu as one of "a game, a type of computer, a collector's metal, a European monetary unit or a cinema award" only

47 per cent got the right answer. One can also only presume that some even of these were only guessing.

Britain, despite its national obsession with quiz games, came bottom of the class in the test with only 35 per cent of those competing picking the currency out. Luxembourg, a nation of bankers, came top with 77 per cent.

But just to prove that many of those were lucky, the poll points out that only 33 per cent of the citizens of the seven

countries polled had ever heard of the unit. (Britain again disgracing itself with a paltry 10 per cent).

If this were not bad enough news for the bankers, their question on the merits of replacing national currencies with the supranational Ecu fell heavily on the stony ground of currency chauvinism.

Though 32 per cent approved, 38 per cent did not, with D-Mark-hungry West Germany joining the UK at the head of the nationalist pack. The poll-

sters consoled themselves, however, with the unsubstantiated claim that "the most educated and influential" broadly favoured the move.

The safest conclusion that can be made from yesterday's data is that its sponsors wish European citizens to use the Ecu more for everything from settling debts to using on travellers cheques.

All the signs are that, whether EEC citizens like the mongrel currency or not, this will inevitably be the case.

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Parliament votes for Ecu 34bn EEC budget

BY QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Parliament yesterday voted overwhelmingly in favour of a Ecu 34bn (£21.1bn) EEC budget for 1986 — almost 20 per cent more than in the present year — to pay for the extra cost of a 12-member Community including Spain and Portugal, and for a build up of past commitments to social and regional projects.

In a virtually unprecedented display of solidarity, the MEPs challenged the member states to find an additional Ecu 2.2bn on top of the draft budget of Ecu 31.8bn approved by budget ministers in September.

Yet in spite of their extra spending plans, the members were warned that their budget could still leave the European Commission forced to cut new social and regional projects to cope with the burden of past commitments.

Henning Christophersen, the Budget Committee chairman, said the plans proposed both by the budget ministers and the Parliament would leave the social and regional funds running out of cash by the middle of the year.

The UK, in particular, is a major beneficiary from the fund, and any cut would make Britain an even larger net contributor to the EEC budget, and require a correspondingly larger budget rebate in 1987.

The spending plans approved by the Parliament yesterday, with only the British Labour group and a handful of anti-EEC members voting against, go far beyond the legal margin which they are entitled to add to the budget.

However, the members argued that they were simply doing the job of the Council of Ministers, by adding almost Ecu 700m to ensure that Spain and Portugal get back as much as they pay into the budget in their first year of EEC membership, beginning on January 1.

The other major addition approved by the parliament, by 227 votes to nil, was of Ecu 1.1bn for social and regional spending, to cope with the burden of past commitments identified by the European Commission.

It is now up to the budget ministers, who meet on November 26, to decide whether they can accept the extra spending, or face a new bout of inter-institutional squabbling likely to end in the European Court.

Hope of early decision on Greek loan package fades

BY IVO DAWNAY IN BRUSSELS

HOPES OF an early agreement on an EEC loan package to help Greece's balance of payments crisis appeared to be fading last night as talks continued between Mr. Constantinos Karamanlis, the Greek Prime Minister, and the European Commission.

Prior to the meeting, there had been speculation that the loan deal would be ready to present to the 'Ten's' finance ministers for approval at their meeting in Brussels on Monday.

However, the complexity of the terms for the aid package and the Commission's wish to include a series of related issues has put any conclusion to the negotiation in doubt.

The Commission is understood to be prepared to propose a short-term loan to Athens, of the order of up to Ecu 1.8bn (£1.1bn).

But it is also determined to link the package to firm undertakings from Greece on adjustments to its austerity measures and the completion of its commitments under its accession arrangements with the Community.

In particular, the Commission wants Greece to put firm limits on its new system of import deposits which were introduced as part of the austerity crackdown.

UK health spending 'at lower end of scale'

By David Marsh in Paris

BRITAIN spends less on health care as a proportion of the total size of its economy than any of the main industrialised countries, according to a study from the Organisation for Economic Co-operation and Development.

In a report on medical care, the OECD says that, based on 1982 figures, Britain's expenditure on health care in the public and private sectors totals 5.9 per cent of gross domestic product, lower than any country in the 24 nation area apart from Portugal, New Zealand, Greece and Turkey.

The average expenditure on health throughout the OECD came to 7.4 per cent in 1982, growing steadily during the previous 20 years from 4.1 per cent in 1960.

The US led the league table with 10.8 per cent of GDP spent on health, followed by Sweden with 9.7 per cent, the Netherlands with 8.7 per cent, and West Germany, Canada and Ireland with 8.2 per cent.

Britain emerges with a better showing on the basis of public expenditure on health care as a proportion of GDP, where in 1982 the share was 5.2 per cent compared with the OECD average of 5.8 per cent.

Figures for 1983 — where the OECD does not have all the country comparisons — show Britain's total and public spending on health higher at 6.3 per cent and 5.5 per cent of GDP respectively.

In terms of health care expenditure per head of the population (1982 figures), the UK spends \$506 on the basis of current exchange rates, in 17th ranking in the OECD. This compares with \$1,288 in the US, \$1,168 in Sweden, \$1,158 in Switzerland, \$989 in Canada, \$931 in France, \$874 in Germany, \$828 in Australia and \$602 in Japan.

Britain also comes well down the league table in terms of the number of persons per physician.

Measuring Health Care: OECD 2 Rue Andre Pascal 75775 Paris Cedex 16.

Mr. Arbatov, who frequently expounds Moscow's views to Western audiences, and four other senior Soviet academicians yesterday lunched, with international journalists. They used this unusual pre-summit event to underline the importance the Soviet leadership attaches to obtaining some movement on nuclear arms control at the summit.

Their line contrasted with Washington's recent attempts to downplay expectations.

Their message was that if progress could be made on missiles, the Soviet Union would be flexible about negotiating regional problems such as Angolan, Ethiopian and the Middle East.

Nobody was expecting an elaborate agreement on nuclear weapons to emerge from the meetings on Tuesday and Wednesday, Mr. Arbatov said. But President Reagan and Mr. Gorbachev could come closer on crucial points which would allow the arms control talks to continue.

Mr. Roald Sagdev, director of the Soviet Research Institute, denied recent reports from Washington that Moscow had backedtracked from an earlier suggestion that it could accept the US undertaking fundamental research into space weapons.

The Soviet position was still to draw the line between basic laboratory research and the spending of \$26bn over five years on developing and testing space weapons.

Moscow had stopped its research into anti-satellite missiles unilaterally in 1983 but after September (when the US tested a new missile and smashed to pieces an old satellite) Mr. Sagdev did not know how his leaders would react.

Nato meets on joint weapons production

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MINISTERS FROM the North Atlantic Treaty Alliance's 16 nations met in Brussels today to plan alliance strategy on the collaborative production of weapons systems.

The special meeting is being attended by deputy defence ministers and will discuss a new report which envisages armaments collaboration as a critical element in the alliance's drive to improve its conventional defences.

This drive is itself part of an effort to diminish Western reliance on the early use of nuclear weapons in any future war.

The new Nato strategy on armaments collaboration, outlined in the report being discussed today is expected to be endorsed by a full Nato council of foreign ministers next month.

However, it is understood to fall considerably short of recommending the more radical measures which Lord Carrington, Nato Secretary General, and his officials originally proposed.

Lord Carrington had wanted to give Nato headquarters the power to draw up plans for the future joint production of

The non-Socialist minority government in Denmark suffered a new setback to its foreign and defence policy yesterday as a left centre majority carried a resolution calling on the Government to support all efforts to stop deployment of new or modernised nuclear weapons in east and west.

The Government must not approve any Nato decision to deploy or modernise without obtaining the approval of the Folketing, the parliamentarians raised.

Mr. Poul Schlüter, the Prime Minister, warned on Tuesday that if left-wing members imposed significant new restrictions on Govern-

ment Nato policy he would call an election. However, the Government decided it could live with yesterday's resolution.

The resolution could cause problems if the issue of modernising Nato's short range (tactical) nuclear weapons comes up at future Nato council meetings.

ministers from IEPG governments (all European Nato countries, including France), over the past 18 months has drawn up a new charter on collaboration and has defined lists of projects for future research and development.

Ministers' political interest is generally held to have added dynamism to the collaborative effort even if it has not yet resulted in new projects actually being started.

Underlying European reticence towards Lord Carrington's proposals, however is the fear that if Nato is made the major focus for collaboration, Europe's industries will again find themselves playing second fiddle to more powerful US companies.

The issue is particularly sensitive at the moment as the US administration, provoked by Congress, is taking steps to improve opportunities for US-Europe arms collaboration in particular and trade in defence equipment in general.

Two amendments were recently passed to the 1985 US Appropriations Bill. One, tabled by Senator Sam Nunn, provides for the creation of a \$200m fund to finance a joint research and development programme between the US and its Nato allies on high technology conventional weapons.

The other, tabled by Senator Dan Quayle, eases the restrictions on collaboration which are enshrined in the US Arms Export Control Act.

Both these amendments are in the way of "carrots" seen as part of the US effort to help Europe do more in its own defence. However, the Senators have given notice that their benefits could be nullified if their effort is judged insufficient.

Mr. William Taft, the US Deputy Defence Secretary, is expected to give his colleagues further details on the \$200m fund at today's meeting.

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The Government must not approve any Nato decision to deploy or modernise without obtaining the approval of the Folketing, the parliamentarians raised.

Mr. Poul Schlüter, the Prime Minister, warned on Tuesday that if left-wing members imposed significant new restrictions on Govern-

ment Nato policy he would call an election. However, the Government decided it could live with yesterday's resolution.

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OVERSEAS NEWS

Peres again delays decision on sacking Sharon

BY WALTER ELLIS IN TEL AVIV

MR SHIMON PERES, the Israeli Prime Minister, last night again postponed his threatened dismissal of Mr Ariel Sharon, the Trade and Industry Minister. He is to meet today with Mr Yitzhak Shamir, the Foreign Minister and leader of the Likud bloc to which Mr Sharon belongs, and will delay his final decision until after their discussions.

But the Premier, who leads the Labour faction in the

coalition Cabinet, said that he was still determined to have a full apology from Mr Sharon for criticism of him and his policies made earlier this week. Only an apology covering all six points on which Mr Sharon had allegedly erred would be enough, the Premier said, to prevent the intended dismissal from going ahead.

Mr Sharon's removal from the Cabinet, unless approved by his Likud colleagues, would bring

down the national unity Government.

The controversial Trade Minister is apparently ready to present an apology dealing with the six points in composite form (not point by point), but only if he is given prior assurance that such an intervention will end the matter.

Mediators from the Likud—its own coalition of the Herut and Liberal parties—and from several smaller religious fac-

tions were busy throughout the day trying to construct a compromise that would keep the Government alive. Political rabbis, in particular, were active, even to the extent of looking to the Torah for inspiration and guidance.

Mr Peres told a Labour Party meeting in Tel Aviv yesterday that it was not his intention to bring down the unity Government, especially in view of the damage this would do to

economic recovery. But it was essential to democratic practices that ministers have full confidence in the Prime Minister. Mr Sharon had to make clear that he was sorry on each of the six points raised. He must also state that he (Mr Peres) had spoken the truth and that respect was "unimpeachable," the Premier's word in this.

It was far from certain last night that Mr Sharon was ready to comply with Mr Peres's wishes. Nor were all sides in

the Likud urging him to do so. Even Mr Shamir, whose political career may depend on keeping the present government in place, was thought to believe that a general apology was sufficient.

Mr Sharon had already apologised in part on Wednesday for any offence he may have given Mr Peres. The Prime Minister's response was to itemise his grievances and to demand detailed retraction.

Unnerving developments for Arafat

JORDAN'S steps towards reconciliation with Syria may prove one of this year's most significant events in the Middle East.

It has implications for various regional relationships beyond that between Amman and Damascus, and for the peace process itself, and is almost certainly an unnerving development for Mr Yasser Arafat's Palestine Liberation Organisation.

King Hussein's decision to push hard for a rapprochement with Syria comes at a sensitive moment in attempts to revive the peace process with various parties continuing to test each other's intentions.

If the Amman-Damascus reconciliation is successful, it will add a significant new element to regional calculations. The estrangement between Jordan and Syria had been regarded as a barrier to peace efforts.

The Syrians were completely opposed to the February 11 agreement between Mr Arafat and King Hussein which laid down principles for an end to the Arab-Israeli dispute according to United Nations and Security Council resolutions.

Syria's opposition appeared to be based in part on the suspicion the accord may lead to a separate peace with Israel inimical to wider Arab interests. Damascus's publicly-stated position was that the February 11 agreement, which it described

as capitulationist, was irrelevant.

It is unclear what finally prompted King Hussein to issue an extraordinary self-criticism in the form of a letter to Mr Zaid al Rifai, his Prime Minister, in which he admitted he had unwittingly misled Syria over the activities of anti-Syrian elements in Jordan.

Tony Walker in Amman explains why the rapprochement between Syria and Jordan has potential dangers for the chairman of the Palestine Liberation Organisation

Western officials in Amman seeking an explanation of the King's tactics, believe that he may have felt it prudent to pursue more vigorously an accommodation with Syria following recent disarming events such as the Achille Lauro affair which shook his confidence in the ability of the PLO leadership to play a constructive role in the peace process.

For the King the last straw may well have been the collapse of proposed talks in London

between a joint Jordanian-Palestinian delegation and British officials because of last-minute PLO objections to a document members of the delegation were asked to sign.

King Hussein has not closed the door to Mr Arafat, but there was a noticeable coolness at their meeting in Amman last month.

Several recent attempts by Mr Arafat to resume a dialogue with Syria have made little progress. A stumbling block remains the personal enmity between the PLO chairman and President Hafez al Assad. A worry for Mr Arafat is that a Syrian-Jordanian rapprochement could leave him dangerously isolated.

His visit to Cairo early this month and his unveiling there—instead of in Amman—of an ambiguous declaration renouncing violence in the occupied territories was seen as an attempt to firm up support in another Arab capital.

King Hussein has said he is awaiting answers from Mr Arafat to a number of questions put to him last month. The King said in an interview in Paris last week that the PLO would have to declare at an "appropriate" time its acceptance of UN Security Council resolutions 242 and 338 which implicitly recognise Israel's right to exist.

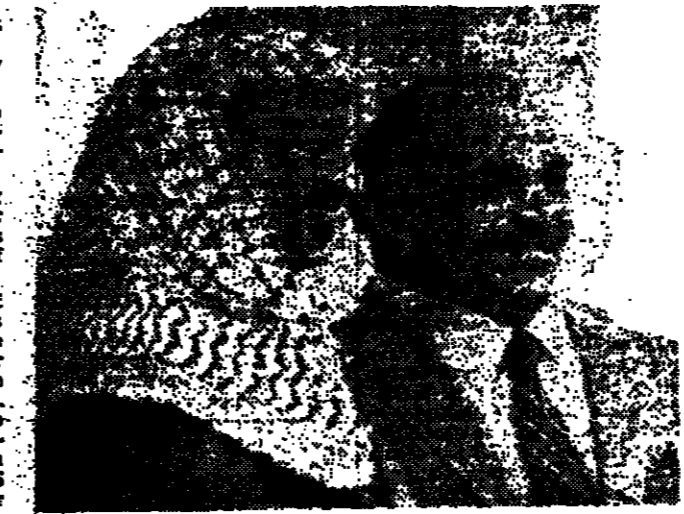
to declare its willingness to negotiate with Israel at an international conference, and to renounce all violence.

It was almost as if King Hussein was assigning Mr Arafat impossible conditions as a means of distancing himself from the PLO leader.

In Amman almost all talk of the February 11 accord has stopped. Significantly, there was no reference to it in a master speech given recently by the King before the parliament. Similarly, there is almost no public discussion of the possibility of a return to the region of Mr Richard Murphy, US Assistant Secretary of State for Middle East Affairs, for a proposed first-stage meeting with a joint Jordanian-Palestinian delegation as a way of opening a corridor to direct talks with Israel.

The focus of attention is now firmly on prospects for an international conference at which all parties to the dispute would be represented.

Specific rejection of separate negotiations with Israel and endorsement of an international conference were the key elements in a joint communique issued in Damascus this week after two days of talks between the Jordanian and Syrian Prime Ministers. The wording of the commu-



Mr Arafat and King Hussein... in happier days

que, rejecting "partial and individual solutions with Israel," left no doubt that it was meant as repudiation of US and Israeli pressure for such a course.

Another factor in the King's decision to court Syria may be recognition that US ability to play a constructive role in the region is seriously curtailed by domestic pressures. The overwhelming Congressional vote to delay a \$1.6bn arms sale to Jordan until it agreed to direct talks with the Israelis was, in Jordanian eyes, merely the latest confirmation of the con-

straints on American policy in the Middle East.

Egypt is adopting a sanguine view of the Jordanian-Syrian reconciliation. Officials are saying that it was inevitable. They cannot feel altogether comfortable about it, however, since Damascus continues to be antagonistic towards Cairo.

It is much too early, officials here say, to come to any firm conclusions about the Jordanian strategy. "The situation is complicated," said one official, "they have a number of balls in the air and they're not sure what's going to hit the ground first."

Lebanon hostage bid intensifies

EFFORTS to win freedom for US and British hostages in Lebanon intensified yesterday as a United Nations official raised the issue with government leaders and a Church of England envoy pursued secret diplomacy. Reuter reports from Beirut.

UN representative Jean-Claude Aime, who arrived yesterday from Israel, discussed the hostages' fate with both President Amal Gemayel and Prime Minister Rashid Karami.

Meanwhile, Mr Terry Walle, the Archbishop of Canterbury's special envoy, said he had made contact with kidnappers holding American hostages and stressed that his negotiations had reached a "critical and dangerous stage."

Iran steel mill hit

Israeli bombers yesterday hit the steel mill near the western Iranian city of Ahvaz for the second time in nine days. First reports indicated that more than 50 people were killed or wounded. Reuter reports from Tehran.

Meanwhile, Mr Youssef bin Alawi, Oman's Minister of State for Foreign Affairs, said he would visit Iran next week as part of the Gulf Co-operation Council's mediation efforts to end the Iran-Iraq war, according to newspaper reports in Kuwait.

Liberian fighting ends

The Liberian Government said yesterday that the armed rebellion launched three days ago had been quelled and that all fighting had ceased, reports Peter Blackburn from Abidjan. Gen Thomas Quwonkpa, the rebels' leader, was unofficially reported to have sought refuge at a Western embassy in Monrovia, the nation's capital. However, the city's streets remained almost deserted except for loyal troops seeking members of the rebel force.

Philippine Poll move

The Philippine ruling party and opposition politicians said yesterday that they had agreed to delay by a few weeks the special election sought by President Ferdinand Marcos for January 17. AP writes from Manila. No precise date had been agreed, a spokesman said.

Taiwan election

Taiwan goes to the polls tomorrow in local elections that could prove to be a barometer of public opinion towards the country's ruling Nationalist Party, writes Bob King from Taipei.

Taiwan has suffered a series of political and economic setbacks over the past year. If non-party candidates receive a significant increase in votes, or if the turnout decreases considerably, it would be a clear sign of dissatisfaction with the Nationalists.

S. African debt mediator urges political reform

THE CHIEF mediator in negotiations aimed at rescheduling South Africa's foreign debt has called for greater political reform in the country.

In a rare public statement on the situation, Dr Fritz Leutwiler, the former Swiss central banker, said in a Wednesday night Swiss television interview that, while revolution certainly was not needed, reform "must be speeded up... no one benefits from bringing South Africa into chaos."

Dr Leutwiler was selected in September to mediate between South Africa and its creditor banks on a rescheduling of at least some of the country's \$24bn (£16.5bn) foreign debt. He has since held one meeting bringing together senior South African officials and 30 major creditor banks. A second session is set for November 28.

At the first meeting, Dr Leutwiler said, the discussions were technical, not political. But one could be certain that the banks "have had thoughts." He said they have had to, because they have customers who will not give them any more money if they invested in South Africa. And these were big customers, universities and pension funds.

There was a variety of measures that the South African Government could adopt immediately which would help the

situation, Dr Leutwiler said. Among them were the freeing of political prisoners, the relaxation of curbs on journalists, the scrapping of pass control laws under which blacks must identify themselves if asked, and the abandoning of the forced settlement of blacks.

Dr Leutwiler labelled the ban on foreign television and photo journalists as "the dumbest of what we have had yet."

He said that he was convinced that South African President P. W. Botha was truly in favour of reform but that he faced considerable political pressures. The mediator also acknowledged that there had been criticism of his own role, in that it might effectively be supporting South Africa's racial separation policies. But, he said, "I have heard more positive voices than negative ones."

Financial pressure from outside the country for reform was very strong and more effective than, for example, economic sanctions.

Dr Leutwiler, chairman of the Swiss electrical engineering company Brown, Boveri, said that companies with investments in South Africa could not simply withdraw. They should, however, adopt a code now followed by many companies based in the US, he said. Reuter

Police arrest hundreds of hospital strikers

BY ANTHONY ROBINSON IN JOHANNESBURG

MONTHS of pent-up resentment at poor pay and working conditions at Soweto's Baragwanath Hospital, the largest in Africa, flared into the open yesterday when hundreds of striking nurses and auxiliary workers were arrested by police after a mass meeting ended in a riot.

The trouble began on Wednesday night when hundreds of student nurses protesting against an 8 pm curfew, poor pay and food, were baton-charged by security guards as they marched on the administration block. Hospital security forces were issued with firearms and police and army units were called in.

Yesterday the protest was joined by auxiliary workers and 144 men and 574 women were arrested, taken to the local police station and charged. Dr Chris van der Heever, the chief superintendent, said: "A mass meeting of daily paid workers striking for wages deteriorated and groups of unruly workers rampaged through

the kitchens." Doctors said the situation was chaotic. All surgery except emergency cases had been cancelled and doctors were doing the work of porters.

The last year's strike for daily paid workers was in 1983 and pay ranged from R110 to R175 (less than £50) per month. Soweto was declared out of bounds to journalists two weeks ago and reporters trying to cover the story were turned back by army patrols.

Meanwhile, in the Fort Elizabeth black township also called Soweto, two black organisers of the consumer boycott, who were released along with 18 other United Democratic Front and boycott leaders earlier this week, narrowly escaped death yesterday after being accused of "selling out" the boycott movement.

A crowd dragged them from their car and placed petrol-soaked tyres around their neck. When a police armoured car drove up and chased the crowd away.

Botha approves project to exploit gas field

BY OUR JOHANNESBURG CORRESPONDENT

PRESIDENT P. W. Botha announced yesterday that the South African Government has decided to go ahead with a \$3,500m (£2,211m) project to exploit the off-shore gas field near Mossel Bay and construct an extracting and conversion plant to convert the gas into synthetic fuel.

The project, which is expected to provide up to 10 per cent of South Africa's liquid fuel requirements and produce annual foreign exchange savings of around R500m, will be managed by the state oil and gas exploration company Southern Oil Exploration (SOEKOR).

Finance for the project is expected to come mainly from domestic sources including the Central Energy Fund which receives funds from a levy on fuel sales and capital repayments received from the privatisation of the Sasol 2 and 3 oil-from-coal plants. The Government, which recently created a special Cabinet committee to examine the prospects for privatisation, is expected to

offer shareholdings in the project to the public.

Over 70 per cent of the equipment for the new plant will come from domestic industry. Shares of engineering and construction companies, like Dorbyl, Edward Batesman, Scope Engineering and Murray and Roberts, have risen sharply in recent weeks in anticipation of big orders. Up to 10,000 workers will be employed on the project at its peak of the five-year construction period.

Mossel Bay, which is 250 km east of Cape Town in one of South Africa's most beautiful coastal resort areas, is one of three synthetic oil projects under consideration by the Government. The other two are an oil from coal project planned by AECI, in which ICI of the UK and Anglo American are major shareholders, and an oil from shale project proposed by the Gencor mining house.

The decline in the rand has radically changed the potential profitability of such projects.

Indian reshuffle expected

THE Indian Prime Minister, Mr Rajiv Gandhi, is expected to make some key changes soon in his Cabinet, with the Defence portfolio almost certainly going to Mr Arjun Singh who resigned as State Governor of Punjab yesterday, writes K. K. Sharma in New Delhi.

Mr Gandhi has been handling the Defence Ministry himself since he reshuffled his cabinet a couple of months ago, although he has been helped by Mr Arun Singh, Minister of State for Defence.

Mr Arjun Singh was Governor of Punjab during the period of intense terrorist activity by Sikhs. His handling of the situation has been widely acclaimed and he is credited with steering the negotiations that led to a peace accord on Punjab.

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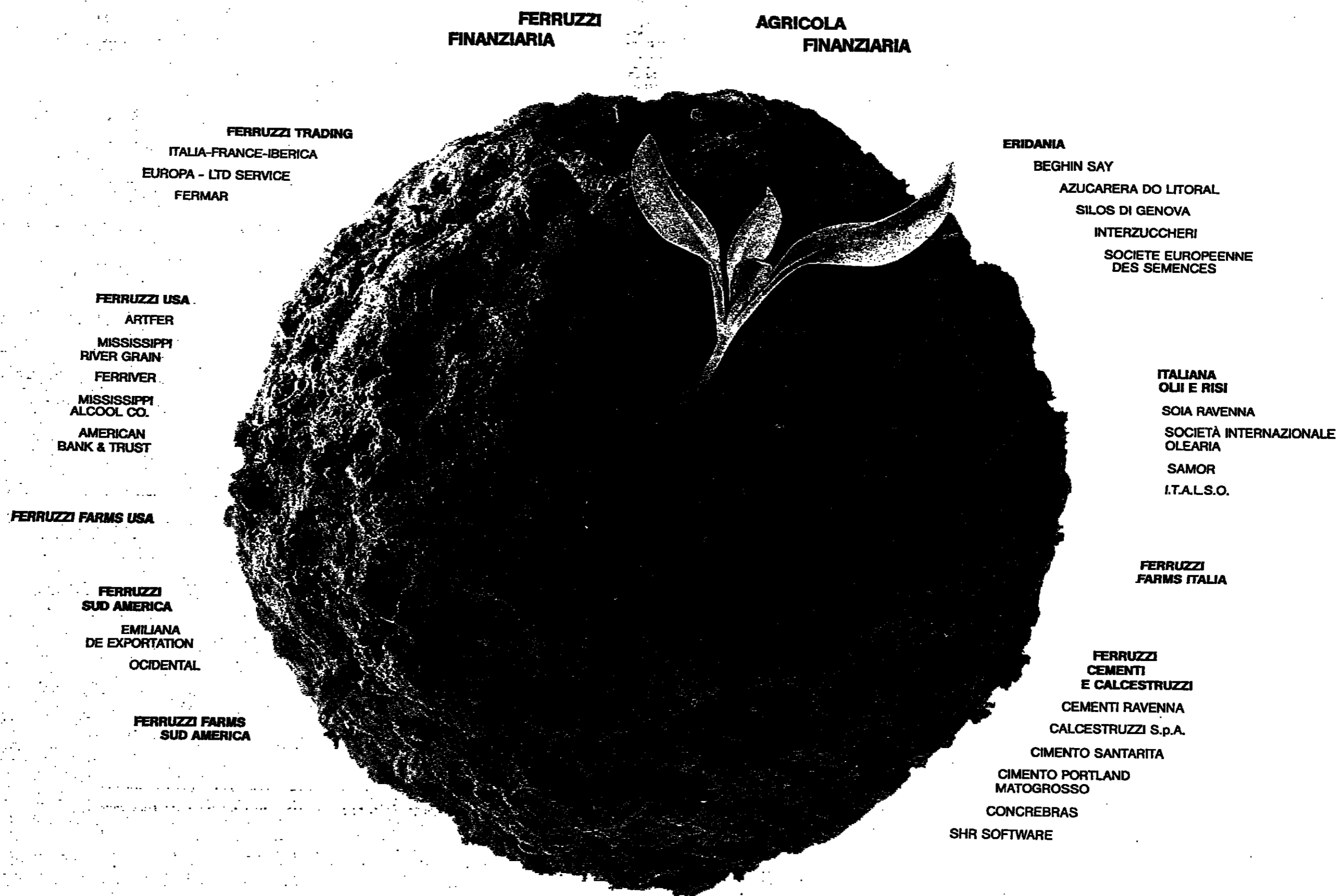
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The planet Ferruzzi has gone on to generate new businesses in manufacturing and banking. Annual turnover has risen to 10,000 billion Lire. Over the past three years the group's investment has touched the 1,000 billion Lire mark. Four companies in the group have been quoted on the Italian Stock Exchange for many years: Agricola Finanziaria, Silos di Genova, Eridania and Beghin Say. Agricola Finanziaria, the group's holding company, is entrusted with responsibility for seizing new investment opportunities. The group stays on the move.

With the foundation of American-based Missalco to produce ethanol as a fuel, the group has embarked on the new, challenging adventure of producing a clean, alternative source of energy from the earth.

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WORLD TRADE NEWS

EEC seeks US pledge on steel products

By Our Brussels Correspondent

THE EUROPEAN Community is seeking assurances from the US Government that its sales to the American market of semi-finished steel products will not be shut off by unilateral action.

On the insistence of the Community, semi-finished products were excluded from the sales restraint agreement reached with the US at the beginning of the month.

This agreement lasts for four years and sets tonnage limits for nearly all Community steel sold in the US.

Clarification of likely US action on semi-finished products is awaited before the ten signatories approve the agreement. It is understood in Brussels that the Reagan Administration has no problems with the terms of the agreement.

But when the negotiations were completed it was acknowledged that tension could arise over semi-finished products. Security of access to the American market has become important for Belgium, France, Germany and the Netherlands, all of whom have responded to demands from US companies and increased their sales.

British Steel Corporation has an special interest. From the beginning of next year it is to start supplying Tuscaloosa Steel with semi-finished products.

BSC has a limited equity stake in Tuscaloosa. It is anxious to safeguard its contractual arrangements with the company.

Two other problems need to be resolved before the Community finally accepts the sales restraint agreement.

The first concerns Hoesch of West Germany which wants freedom to supply larger quantities of pipes and tubes to its US subsidiary. The European Commission is talking about the feasibility of this with Reagan Administration officials.

Second, Italy and Greece remain dissatisfied with their respective shares of the tonnage specified in the agreement. But it is believed that this can be sorted out in bilateral talks with the Commission.

Both these problems reflect the difficulty the community has in sealing restraint agreements with the US.

Community drive for common maritime policy falters

By PAUL CHESTERIGHT IN BRUSSELS

THE EUROPEAN Community drive to settle a common maritime policy faltered yesterday as transport ministers found themselves bogged down in legal and technical questions.

Three hours of discussion in Brussels revealed only a willingness to have a common policy without a willingness to take the steps necessary to bring it about.

The aim is to forge a common policy, based on liberalisation inside the Community and a greater ability to retaliate against unfair trading outside the Community, by the end of the year.

"I'm not in despair," said Lord Cairness, the junior minister in charge of shipping at the British Ministry of Transport. But, he added, "If I was a betting man I would say the odds are against it."

Attitudes on liberalising sea transport within the Community mirror those of similar debates

for air and land transport, also on the agenda for the transport ministers, who have been chastised by the European Court of Justice for their failure to bring into operation a common transport policy.

Ever since the Commission last March presented a series of detailed proposals, the enactment of which would put in place a common maritime policy, it has proved easier to forge a consensus around protecting external trade than freeing internal trade.

The ministers showed their willingness to take co-ordinated action against other countries preventing EEC fleets from having free access to cargoes or permitting their shipping companies to indulge in predatory pricing.

But they failed to agree on the procedures through which such action might be taken. The problem here is whether there needs to be unanimity or a

qualified majority in the Council of Ministers for action. A qualified majority would be the quickest way of ensuring action. But Greece is against it. So is Belgium, apparently from a fear that it might be in a minority when measures would be agreed by others which could affect trade coming into Antwerp.

Luxembourg, currently President of the Council of Ministers, suggested that perhaps there could be a unanimity rule for a few years and then a qualified majority rule afterwards. That did not satisfy Belgium.

But then the UK came through with a proposal which would allow a state not to apply the common measures against a country with whom the Community had a grievance. A consensus developed around that. But no decisions were taken.

This could clear the way for an external facet of maritime policy to be put in place at another Council meeting in December. But the prospects for agreement on liberalisation looked more questionable.

Here the main issues are coastal traffic and inter-island trading. Some countries—Britain, Ireland, the Netherlands, for example—allow a vessel from another Community country to land a cargo, pick up another, and then take it to another of their ports.

This is the practice of cabotage.

But others—Greece, France, Italy—do not permit this practice. Those who are already liberal want to see the markets of the others opened up. Yesterday, they did not have much success in bringing it about.

Politely, discussion was about exemptions from the general rule. Greece would thus like to see its trade around the islands kept as its executive preserve.

Then there are strategic arguments for keeping the trade tied up.

There was an additional Greek problem too. Around 85 per cent of the Greek fleet is actually owned by companies outside the Community. As Lord Cairness pointed out, company and flag law in the UK are identical. But that is not so in Greece.

The Greek Government would like all vessels flying the Greek flag to be part of the Community policy. The question, unresolved, was how to bring this about.

But France also made it clear that there remained hostility in the country to opening up the coastal waters, so there had to be some flexibility in the Community approach to the problem.

This opens up the great divide in the Community between those pushing for liberalisation as part of the general move to a genuine

internal market—like the UK and the Netherlands—and those who with varying degrees of emphasis want a cautious approach.

Thus, discussions on lorry quotas—the grant of permits to allow hauliers to pick up and deposit loads where they want in the Community—have a pre-ordained failure.

Again on the agenda of the ministers, they reveal a gulf between the UK and the Netherlands which want them rendered unnecessary by free movement for all, and France, Germany and Italy, who want to keep the existing system provided there is no discrimination.

There is a similar disparity of approach on air transport, where the Commission has put forward detailed liberalisation proposals. Like the maritime proposals, they also entail bringing the companies within the ambit of the Community competition rules.

Textile protection Bill passes Senate

By Nancy Dunne in Washington

THE US Senate has passed protectionist textile and footwear legislation by a vote of 60 to 39, leaving its backers still seven votes short of the total needed to override an expected Presidential veto.

The legislation would slash textile imports from South Korea, Taiwan, Hong Kong and nine other nations and would limit footwear imports to 60 per cent of the US market.

An amendment, added at the last minute to attract western Senators, directed the President to initiate trade talks with copper-producing nations in an attempt to curtail worldwide production.

A Bill providing protection for textile and apparel has already passed the House.

Congressmen may take both Bills to a joint conference committee, in which case the stronger Senate Bill is likely to be accepted. Or the Senate Bill may now be introduced in the House for a quick vote.

A spokesman for the textile caucus said the additional votes picked up with footwear and copper states congressmen may lure sufficient backing to override a Presidential veto in the House.

The House passed its Bill by a vote of 263 to 159, and 290 votes are needed to override.

In the end, the pressure to resist the most protectionist Bill in years is likely to focus on the Senate. Mr Hamish Macleod, Director of Trade for the Hong Kong Commission, is one among several optimists that the President's veto will be sustained.

Swiss in China deals

BBC BROWN Boveri of Switzerland has won four major orders in China worth a total of \$200m (£142m). Reuters reports from Peking.

The China Daily said that the company had won an order for equipment and technology for a power transmission line from the Geshouba hydroelectric station in Hubei to Shanghai.

In addition, it was going to help construct a power station in Panjiakou, ebei, and supply materials and technology for a power station in East China.

The fourth order is to supply 150 diesel locomotives to carry coal from Shanxi province.

Japan-EEC trade gap widens

By CARLA RAPAPORT IN TOKYO

JAPAN'S trade imbalance with EEC countries widened in the first nine months of the year, but total trade between Japan and the EEC shrank in the same period.

According to figures released by the Japanese Ministry of International Trade and Commerce, Japan's trade with EEC countries went down by 2.7 per cent in the nine months, while imports to Japan of European goods declined by 10 per cent.

"Thus the situation is getting doubly worse," a delegation report said.

The figures were released yesterday on the eve of the arrival of the EEC Commissioner Mr Willy De Clerck and other top officials in Tokyo for a ministerial conference with

Monday's Japanese government officials on the problem of the trade imbalance.

The trade figures for the first nine months show that Japanese exports of value-added products, such as sophisticated machine tools and telecommunications equipment, rose sharply with motor vehicle parts also showing a strong rise.

European imports which fared well in the period were fish and shellfish, up 35 per cent, and motor vehicles up 22 per cent.

The trade surplus between Japan and the EEC in the period was \$7.58bn (£5.4bn) compared to \$7.4bn in the same nine months last year.

AP adds from Tokyo: The European Community's chief

representative in Japan said yesterday that the trading bloc would not be satisfied unless Japan agreed at the forthcoming high-level meeting to announce a target for increased imports.

Mr Laurens Jan Brinkhorst, head of the EEC delegation in Japan, said frustration had been growing steadily in Europe over Japan's continuing trade surplus with the Community.

European frustration with Japan's trade surpluses has grown because "very little has changed and in fact the situation has become worse," despite Japanese announcements of seven market-opening packages since 1982 and an "action programme" in July of this year.

Ford to supply trucks to China

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD WILL supply 150 Cargo trucks from Britain to China, an order worth about £2.4m at showroom prices.

This follows a visit to the UK by delegates from the Ministry of Metallurgical Industry, and Metallurgical Equipment Corporation of Peking.

During their stay, they toured

the Ford factory at Langley, Bucks, where the Cargo is produced, as well as Ford research and engineering establishments in Britain.

The order, for 12.5-tonne vehicles, will be completed by the end of the year and includes an initial parts stock, service tools and workshop training by Ford in the UK.

China is buying 80 tipper trucks which will have bodies built by Telehoist of Cheltenham and 70 truck chassis to have bodies put on them in China.

They will all be operating from one base just outside Peking on a major construction site.

Montedison in \$150m pact with Hungary

By Alan Friedman in Milan

MONTEDISON, Italy's leading chemicals group, has concluded a \$150m (£107m) five-year co-operation agreement with the Government of Hungary.

The deal, which calls for Montedison to supply chemicals and plastic materials to Chemolimpex, the Hungarian state company, is similar to the \$250m five-year import-export agreement reached last month between the Italian company and East Germany.

Under the terms of the Hungarian accord, signed in Budapest yesterday, Montedison will also purchase from Chemolimpex certain intermediate products for the chemicals and petrochemicals industries in Italy.

The new deal with Hungary reinforces existing trade ties in the chemicals sector. This year, for example, the total value of trade between Hungary and Montedison will reach £60bn (£24m).

The Hungarian chemicals accord appears to follow closely the terms of the recent deal with ABB Chemie, the East German state company, which also signed a five-year mutually beneficial agreement, also to run from 1986 to 1990.

US chip industry loses 54,000 jobs worldwide

By LOUISE KEHOE IN SAN FRANCISCO

THE US semiconductor industry has lost 54,000 jobs worldwide this year, the Semiconductor Industry Association (SIA), a US trade group, told the Senate Labor and Human Resources Committee this week.

The disclosure will fuel protectionist sentiment as industry leaders continue their campaign to seek government action against "unfair" Japanese trade practices.

Speaking on behalf of the SIA, Mr Michael Maibach, government affairs manager for Intel Corporation, said that employment by US semiconductor companies had fallen from 280,000 jobs in December 1984 to 228,000 last month.

That is a 19 per cent decline, compared to a decline of only 5 per cent in related employment in Japan, he said.

Providing further evidence of

the impact of foreign competition on the US semiconductor industry, Motorola, the second largest US chip-maker, announced yesterday that it was withdrawing from the market for 256K Dynamic Random Access Memory (DRAM) chips due to precipitous price declines brought on, the company claims, by Japanese pricing tactics.

Motorola's withdrawal leaves Texas Instruments as the sole remaining high volume US DRAM producer.

Separately, a further signal of Washington's willingness to take action to protect the US semiconductor industry came in reports that President Ronald Reagan's trade "strike force" will recommend the president initiate unfair-trade complaints against Japan for allegedly dumping 256K DRAMS on the US market.

Cruise line to order new ship

By ANDREW FISHER, SHIPPING CORRESPONDENT

ROYAL VIKING LINE, the Norwegian-owned cruise ship company, plans to order a fourth luxury ship next year at a cost of around \$150m (£107m). The contract is likely to go to a European yard.

The ship will be one of several being ordered by international cruise lines.

Royal Viking, owned by Norwegian Caribbean Cruise Lines, which has said it will soon order a new and larger \$200m vessel, operates three vessels in the cruise market.

Europe's success story

Panavia Aircraft GmbH is the tri-national company formed by British Aerospace in the United Kingdom, Messerschmitt-Bölkow-Blohm GmbH of Germany and Aeritalia of Italy for management and coordination of design, development, production and in-service support of over 800 Tornado all-weather combat aircraft ordered by the three nations. With nearly 500 aircraft now delivered to the Royal Air Force, German Navy and Air Force, and Italian Air Force, Panavia has proved itself a model for the successful industrial management, within strict performance and cost-control disciplines, of major multi-national defence programmes.

Successful aircraft and weapon system

Tornado IDS has successfully met the low-level requirements of the four launching Services and for the past 2 years in succession has proved itself the Western World's premier strike aircraft with its spectacular successes in the USAF Strategic Air Command Bombing Competition. The Air Defence Variant is fully meeting the RAF and NATO requirement for long-range all-weather air defence.

Successful multi-national concept

During series production, 99% of the money provided for this programme by the participating governments has flowed into the industries of the respective countries and thus ensured that taxpayers' money has been turned into national employment.

Successful cost control

Over the 10-year period embracing prototype development through to operational squadron service, real costs have risen less than 10%. Final fixed price of production batches has averaged 6% less than the maximum price agreed with the customer.

Successful central management

With Panavia, one authority was established for selection and procurement of systems and equipment, ensuring unanimous decisions and applying common contractual procedures. A central computer system, linked with main industrial partners and customer agencies and the operating Services, has enabled a streamlined organisation to operate with a manpower of only 200 employees in control of a tri-national programme involving up to 70,000 people.

Successful experience

Excellent communication, with full visibility, has been built up between the key national aircraft companies, with industrial consortia for Tornado's avionics and engine, and with a large number of leading industries in the equipment field. In this, Panavia has earned the confidence of the three customer governments and four NATO air arms. Not without good reason have the highly developed Oman and Saudi Arabian air forces now also chosen to put their trust in Panavia and will soon be flying 80 Tornados.

AERITALIA BRITISH AEROSPACE MESSERSCHMITT-BÖLKOW-BLOHM

PANAVIA

Our success is Europe's defence

"What's special about these Danish companies?"

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GOVERNMENT TO BE BRIEFED ON AWARD OF \$4.3BN US ARMY CONTRACT TO GTE AND THOMSON

Pentagon to say why Plessey bid failed

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE BRITISH Government has been invited to send a representative to a special Pentagon briefing today designed to explain why Britain lost the largest US Army contract yet opened to foreign competition.

The contract, for army battlefield communications systems, was won last week by a bid of \$4.3bn from a consortium involving the US company General Telephone and Electronics (GTE) and Thomson, the French state-owned manufacturer of the Rita communications system.

The size of the rival bid, at \$7.4bn, from Rockwell International and the UK company Plessey with the Parnigan system, shocked the British Government, including Mrs Margaret Thatcher, the Prime Minister. She had invested considerable political capital by intervening with President Ronald Reagan on behalf of the British bid in late August.

Mr Michael Heseltine, the Defence Secretary, who returns to the UK today from a visit to the Far East, has already ordered a detailed inquiry into the affair.

He has demanded to know why the Rockwell-Plessey bid was \$3.1bn higher than its rival and whether the British Army, which is spending at least £700m on buying Parnigan, is itself being overcharged.

British Government officials and Plessey have refused to comment before the results of today's Pentagon briefing are known. The US invitation to the Government, as well as to the companies involved, to attend the briefing is an unusual step and is seen as a measure of the Administration's desire to mollify one of its main European allies.

Until the results of the briefing are known, speculation as to the reasons for the disparity between the two bids is widespread.

On the official British side, the principal embarrassment is at the failure of intelligence. It would appear that neither the Defence Ministry's Defence Sales Organisation nor the Foreign Office, which in the person of Sir Oliver Wright, the ambassador to Washington, recommended that Mrs Thatcher should intervene on behalf of Plessey, had any idea of the huge difference in the bids. That was even though the best and final offers were submitted by the groups in early August.

Suggestions that the differences arose because the two consortia were asked to tender to different specifications were firmly denied by Dr Donald Hicks, US Under-Secretary for Defence, Research and Engineering, in an interview in London this week.

He said the contest had been straightforward, honestly run and the costs of the two bids very carefully analysed both by the US Army and independently by the Office of the Secretary for Defence.

Mr Hicks and British and French officials also deny that government subsidies were responsible for the lower bid.

The whole contract, which is to supply 25 divisions of the US Army, will run over 20 years. Mr Hicks said, however, that the disparity in costs arose almost entirely in the six-year procurement phase, from 1985-90. Over the 20 years the bids were put at \$26bn to \$27bn for GTE and Thomson, and \$30bn for Rockwell/Plessey.

US officials say the US-French consortium had adopted a "clever engineering solution" to one of the problems involving the interface between communications systems

already deployed by the US Army. It had also made a point of incorporating as much equipment as possible that was already in use with the US Army.

It had further made sure that no more than 30 per cent of the total system would be procured from France.

The officials add that the Rockwell/Plessey bid involved many items costing marginally or occasionally - as in the case of trucks - considerably more than the rival bid.

More in dispute, but of potential importance in explaining the disparity, is the relationship between the contractors within the two groups. Whereas GTE and Thomson are said to have worked closely and well together at all levels, the relationship between Plessey and Rockwell is said to have been uneasy.

Production of commercial vehicles rises

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

COMMERCIAL vehicle production in the UK in the first 10 months was well ahead of the full-year output for 1984. But it is still open to doubt whether car production will top last year's performance and perhaps move back above 1m.

By the end of October, commercial vehicle production reached 230,100, according to provisional estimates from the Department of Trade and Industry. This compared with 234,800 for the whole of 1984 - when commercial vehicle output fell to the lowest level in 35 years.

Even if this year's production climbs back to the 1983 level of 224,500, it would still represent only 60 per cent of the peak 408,400 reached in 1979.

Commercial vehicle output in October, on a seasonally adjusted basis, was 20,900 compared with 17,400 for the same month last year. For the 10 months as a whole pro-

duction was 19 per cent up on the corresponding period of 1984.

Car production last month was held back by the week's shutdown by Austin Rover to reduce stocks. Output was 70,000 last month compared with 78,000 in October 1984.

The 10-month, seasonally adjusted total was still 11 per cent ahead of the same period last year.

The recorded number of cars built in the 10 months was 889,000, well up from the 784,000 in the January-October period of 1984. While it now seems likely output for this year as a whole will top the 908,000 for 1984, it remains uncertain whether it will climb above 1m, a level reached only once since 1979.

● Austin Rover, state-owned BL's subsidiary, slipped well behind its main rivals, Ford and General Motors, in the UK car market in the first 10 days of November.

The company's share fell to 13.75 per cent, behind Ford's 22.97 per cent and 20.73 per cent for the Vauxhall-Opel group, the subsidiary of General Motors.

An Austin Rover dealer incentive campaign pulled forward some sales into the last part of October, which helped the company to end last month with a share of 19.4 per cent against 23.2 per cent for October 1984. For the first 10 months, Ford led the market with 26.65 per cent, followed by BL, 18.32 per cent, and GM 16.61 per cent.

Austin Rover expects its share in November to improve as the month progresses and the impact of the incentive campaign in October dies away.

The company's relatively poor performance had a depressing effect on the market as a whole, which, according to Society of Motor Manufacturers and Traders' sta-

tics, was down by 12.5 per cent after 10 days at 42,273 against 48,381 for the same period of 1984.

Imports took 58.37 per cent of total sales in the 10 days, up from 57.78 per cent.

Austin Rover said yesterday that awards to employees under its suggestion scheme had topped £140,000 since January. Suggestions from workers at the Langbridge factory alone had saved the company nearly £500,000.

Over the past five years Austin Rover has paid out more than £300,000 to employees for their suggestions. Last year the total was £115,000.

The scheme was widened recently to encourage employees to submit ideas for quality improvements. Winners receive gifts including colour televisions and cameras. More jobs lost, Page 10

US group to close Scottish electronics plant

GENERAL Instruments, the US electronics company, is restructuring its micro-electronics division. It will result in the closure of plants in New York and Scotland and the loss of 300 jobs, Mark Meredith writes.

About 120 jobs will be lost with the closure of the company's semiconductor plant in Glenrothes, Fife. A statement from the company in New York said that operations in Scotland and Hicksville, Long Island, would be transferred to the company's plant at Chandler in Arizona. Plants in other sectors of General Instruments in Toronto, and Tucson, Arizona, are also to close. The company said it wanted to discontinue low-return or loss businesses and it believed the restructuring would help short and long-term profitability.

The closure in Scotland is the most serious effect so far of the recession in the US electronics industry. Electronics provides more than 40,000 jobs in Scotland. It was one of the key new industrial drives taking over from declining traditional industries.

Most of the jobs are in large US and Japanese companies, some of which have recently announced limited rationalisation measures. The National Semiconductor plant at Greenock, in west Scotland, has temporarily frozen a £100m expansion plan and IBM's plant nearby has announced temporary cuts in the output of personal computers. Motorola in East Kilbride has been on short time recently and is seeking some limited voluntary redundancies.

Scotland has particular strength in the semiconductor area and now accounts for 80 per cent of UK output in integrated circuits and more than 20 per cent of UK production.

□ GENERAL MOTORS' vehicle replacement parts and accessories operations will take over leadership of the UK automotive aftermarket within five years, the company claims.

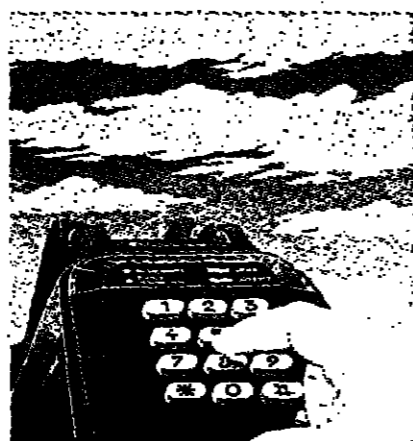
Mr Roy Rogers, director of General Motors Service Parts Operations-UK, forecast that its turnover would double from £200m to £400m, displacing BL's Unipart and Ford's Motocraft operations from first and second place respectively. Unipart, which is expected to be privatised next year, was shown as having a turnover of £380m in its accounts for 1984, while Ford's division had an annual turnover of about £300m.

□ LEADERS of the electricians' union, the EEFU, have signed another single-union agreement with a previously non-union Japanese company.

The deal with Yuasa Battery, based in Ebbw Vale, South Wales, is at present an outline agreement giving the union sole bargaining rights for the company's workforce of about 50, and for a further 300 workers who are to be employed as part of its £10m expansion plans.

□ MORE THAN 120 firms of international securities dealers have applied to join the International Securities Regulatory Organisation being formed as part of the new framework of regulation in the City of London. They include foreign bankers and brokers based in London, as well as some UK firms.

NEW TELEPHONE NUMBERING SYSTEM



FRANCE HAS CHANGED ITS TELEPHONE NUMBERING SYSTEM

On 25 October 1985, a new telephone numbering system came into effect in mainland France.

This new numbering system is required by the expansion of the telephone network and its increasingly numerous uses (telematics, facsimile, teletex). The new system will enable France to provide efficient service far beyond the year 2000.

2 ZONES

On 25 October, mainland France was divided into 2 telephone zones: Paris/Greater Paris and the provinces.

Callers from abroad will only notice the difference if they are calling to Paris/Greater Paris.

WHEN YOU CALL THE PROVINCES.

After the international access code you dial:

33 + 8-digit number
(no change).

WHEN YOU CALL PARIS/GREATER PARIS

After the international access code:

Before you dialled	Since October 25 you have to dial
33 (1) + N*	33 (1) 4 + N*
33 (3) + N*	33 (1) 3 + N*
33 (5) + N*	33 (1) 6 + N*

* The standard



Court ends seizure of NUM's assets

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE NATIONAL Union of Mineworkers (NUM) yesterday succeeded in its plea to the High Court to end the sequestration order that put control of the union's £10m assets into the hands of the court more than 12 months ago during the miners' strike.

Mr Justice Nicholls, who ordered sequestration when the NUM failed to pay a £200,000 contempt of court fine, said he would discharge the order despite a "perfunctory" affidavit of apology by the union's three national leaders from which was noticeably lacking any assurance that the NUM would obey the court in future.

He took into account the fact that the union had at last ended its defiance and, "above all, the detrimental effects - which the continuance of the sequestration would have on members of the NUM who have had no hand in the union's defiance of the court."

The ending of the sequestration will not put control of the NUM's funds back into the union's hands.

The NUM is still subject to a receivership ordered by another High Court judge and the effect of yesterday's decision is merely that the £2m of union funds held by the sequestrator - four partners in chartered accountants Price Waterhouse - will be handed over to the receiver, Mr Michael Arnold, of accountants Arthur Young.

The union will have to return to court to end the receivership. It has already complied with most of the conditions imposed by the court for

ending the receivership. New trustees have been appointed, replacing the national officers who were held by the court not to be "fit and proper persons" to hold union funds.

Through the new trustees the union has begun to co-operate with Mr Arnold in resolving problems resulting from the union's decision, shortly before the miners' strike began in March last year, to transfer £2.5m of its funds abroad to try to thwart possible sequestration.

The union plans to apply in about 10 days' time to have the receivership ended. But after yesterday's hearing the receiver's lawyers said that the union's finances were in disarray and it could take several months to sort them out.

Mr Arthur Scargill, the NUM's president, Mick McGeaney, vice president, Mr Peter Hensfield, general secretary, and the union's national executive members, were all in court yesterday.

They heard their counsel, Mr Gavin Lightman, QC, read an affidavit in which the national officers stated: "We hereby tender the apology of the NUM for the contempt."

Mr Lightman said that it was part of the human condition that circumstances arose where a person might feel bound to act in disregard of the law and in accordance with the dictates of his conscience.

The court heard that the union's defiance had cost it about £1.4m; the £200,000 fine, sequestration costs totalling about £400,000 and receivership costs to date of about £800,000.

BR budgets for loss on passenger traffic

BY SUE CAMERON

STATE-OWNED British Rail (BR) announced yesterday that it was on course to meet its financial target of cutting support from the taxpayer by 25 per cent in the three years to 1988-89.

BR's corporate plan for the next five years shows that its grant from central Government will be down from £975m in 1985 to £711m in 1988-89, which is £264m below the target set by ministers two years ago.

The corporate plan, released yesterday, also shows that BR's InterCity passenger and freight sectors are expected to fall well short of the profit targets set by the Government in 1983. InterCity was told to aim for a £30m profit by 1988-89 and to meet the interim objective of cutting its call on the taxpayer to £86m by 1988-89.

Now, BR admits that its InterCity business is likely to make a loss of £36m in 1988-89 and to have a grant requirement of £90m in 1988-89.

BR's troubled freight sector, hard hit by the year-long miners' strike, is due to make a profit of only £16m in 1988-89 instead of the £37m profit that had originally been planned. BR said yesterday that the £16m losses made by its freight business in 1984-85 were nearly all the direct result of the strike. The sector now

had an extra annual interest burden of around £30m a year.

The fact that BR has lost some freight traffic to road transport, allied to a slower-than-expected start-up of some coal mines, means that the sector's receipts are now expected to be up to £50m a year less than originally forecast.

One factor which will enable BR to meet its overall financial target - despite the poor performance of its InterCity and freight sectors - will be the £363m net cash contribution expected from its property board over the next five years. The £363m figure is believed to be some £30m higher than was originally forecast.

Reductions in maintenance costs right across BR's network will also help the board to meet its financial target as will planned manpower cuts. Yesterday's plan revealed that total BR manpower is due to fall by 16,700 to 139,300 over the next five years. But the high level of natural wastage among BR staff will mean the board will still have to recruit about 25,000 people over the five-year period.

It is also revealed that BR is now planning a total investment programme of £2bn. So far it has been given Government approval to spend £1.1bn of this.

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In the early 1800's, denying the existence of distilleries was a national Scottish pastime.

Oh, they were there, alright.

But all strictly illegal. You see, savage taxes imposed by the Philistines of Westminster made distilling the national beverage well nigh impossible.

Tax evasion became the only honourable course. The canny Highlanders took to the hills and the glens.

A whole industry flourished. But it was completely underground. Excisemen, or gaugers, marched North, with orders to stamp it out.

The Artful Dodgers.

But it proved a hopeless task.

All measures to deter the distillers were met with ridicule.

Even a £5 reward for the discovery of a distilling pipe (or copper "worm") did nothing to halt the flow of whisky. In fact it was a boon for the whisky makers.

When a "worm" was worn out, the distiller would miraculously "find" it, hand it over to the authorities, claim his reward and promptly purchase a new one!

Such was the Highlanders' contempt for the law that it was not even considered a disgrace to be imprisoned for illicit distilling.

Indeed, in Dingwall Gaol offenders were treated in the mildest possible way, even allowed out on Sundays and special occasions and "honourably returned" prisoner even

One approached with the remarkable proposition that they set up a still together in the gaol!

But out of this lawlessness came greatness. The illicit dram was magnificent.

The Reverend Thomas Guthrie was a boy in 1818 and he recalled that "everybody, with few exceptions, drank what was in reality illicit whisky — far superior to that made under the eye of the Excise — lords, lairds, members of Parliament and ministers of the gospel and everybody else."

And the finest dram of them all was The Glenlivet.

The Sassenach Connection.

The Glenlivet distillery was started by one John Gow Alias Smith.

Bit of a mystery, John Gow. Indeed he had very little option.

Having fought and lost with Bonnie Prince Charlie, he had to flee, with his family in 1746 to the remote glen of the river Livet.

And to baffle the English soldiers, he changed his name from the gaelic Gow to Smith.

This is why such a Sassenach name as Smith appears on the bottle of Scotland's most venerated whisky.

There in the glen John Smith, ex-Gow, settled in the precise spot where the water and the peat were the best in all Scotland for making



cross. Lord Coryingham, the Chamberlain, was looking everywhere for the pure Glenlivet whisky: the King drank nothing else.

My father sent word to me — I was the cellarer — to empty my pet bin, where whisky was long in the wood, mild as milk and the true contraband goat in it."

Such a princely portion couldn't stay illegal much longer. It was unthinkable that the King should ever have to deny that his greatest pleasure didn't actually exist!

Luckily, back at the House of Lords, commonsense was about to break out, under the influence of George Smith's landlord, the Duke of Richmond and Gordon.

In 1823 their Lordships passed an act which made distilling a commercial proposition.

And the first man to take out a licence was our own George Smith.

Plain sailing from then on you'd think. Nothing of the sort.

The neighbours' burning desire.

Although George had decided to go legal, his neighbours in the glen would have none of it. They regarded him as a traitor.

"The outlook was an ugly one," wrote George. "I was warned by my civil neighbours that they meant to burn the new distillery to the ground and me in the heart of it."

Such threats in the wild remoteness of Glenlivet were not idle. So for his protection, George

was presented with a pair of hair trigger pistols, worth ten guineas, a gift from his friend the Laird of

"Glenlivet Distillery? What Glenlivet Distillery?"

malt whisky. This mysterious man had stumbled upon a mysterious well. Josie's Well.

It's the water from this well that makes The Glenlivet magical. We can't tell you why. There is no explanation.

And there is no other well that performs the same magic.

By the time John Smith's grandson George inherited the still in 1817, the fame of The Glenlivet

had spread far and wide.

"It is worth all the wines of France" opined the Doctor in Sir Walter Scott's St. Ronan's Well, "and more cordial to the system besides."

His Majesty's Pleasure.

The Glenlivet that George Smith made even flowed in the corridors of power.

In 1822 King George IV paid an official visit to Edinburgh and

Elizabeth Grant, an MP's daughter, wrote about it in her

memoirs: "One incident connected with this time made me very

Aberlour. The pistols (which still exist today) were "never out of my belt for years."

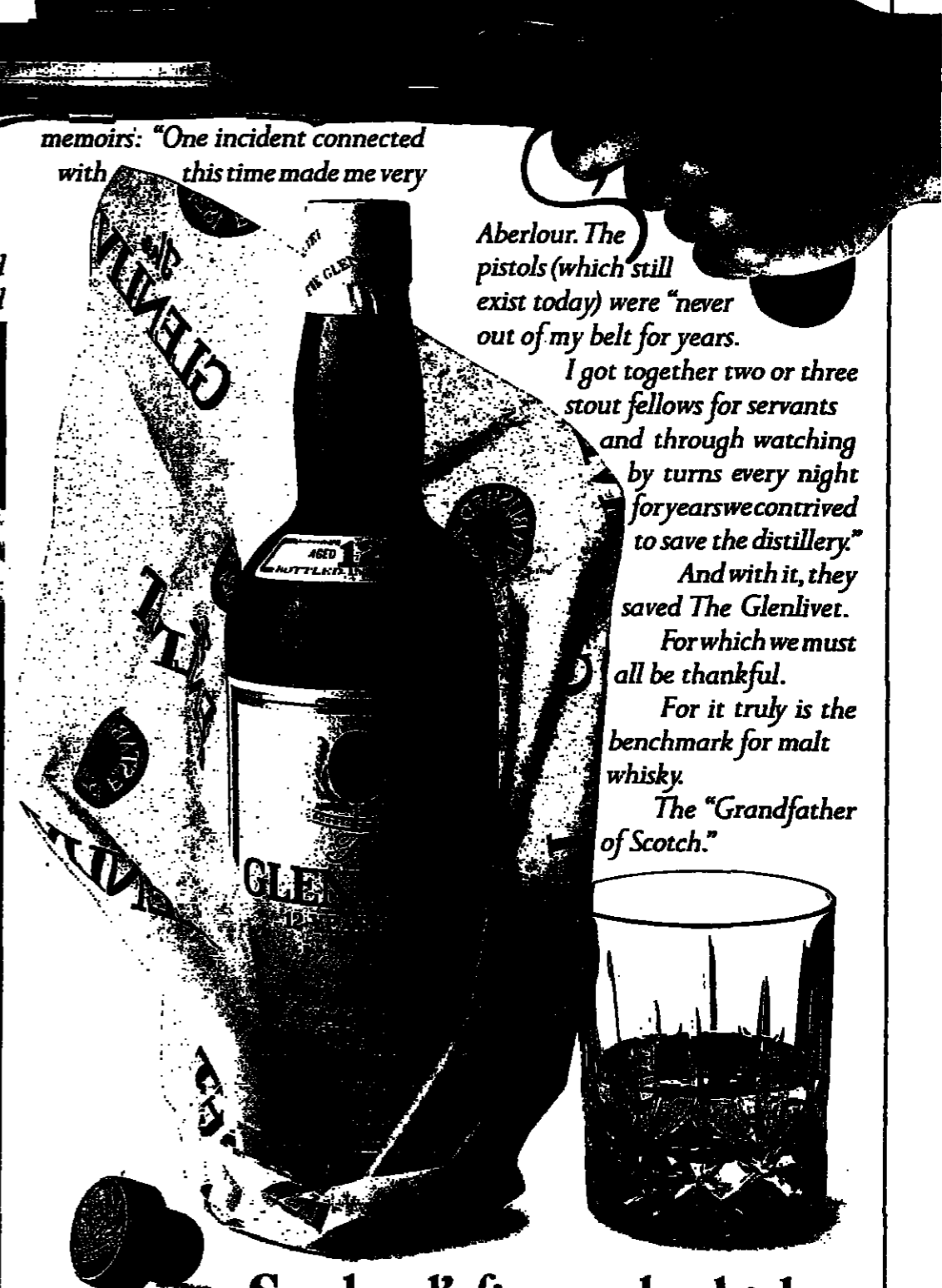
I got together two or three stout fellows for servants and through watching by turns every night for years we contrived to save the distillery."

And with it, they saved The Glenlivet.

For which we must all be thankful.

For it truly is the benchmark for malt whisky.

The "Grandfather of Scotch."



Scotland's first malt whisky.

UK NEWS

Companies lift capital spending in third quarter

BY PHILIP STEPHENS

CAPITAL investment by British industry recovered slightly in the third quarter of this year after the sharp fall in the three months to June. But it remained well below the high level at the beginning of the year.

Statistics released yesterday by the Department of Trade and Industry indicated that companies were timing their investment decisions in line with the phasing out of capital allowances announced by the Government last year.

That produced a rush of investment ahead of the 1985/86 financial year which started in April, when allowances were reduced from 50 to 75 per cent. There is expected to be a similar boom before they are cut to 24 per cent next April.

The Government forecast in its autumn statement on the economy earlier this week that business investment would rise by between 7 and 8 per cent over the whole of 1985, but the pace of growth is expected to slow in 1986.

Yesterday's figures show that capital spending by manufacturing, construction, distribution and financial industries rose by 2 per cent from the previous quarter to

stand at £4.4bn in 1985 prices. Investment, however, was 7 per cent lower than the quarterly average for the first half of the year.

Total investment in manufacturing, including leasing, was worth £1.8bn in 1985 in the third quarter, up 1 per cent from the previous three months.

Separate statistics released by the department yesterday show a sharp fall in industry's stock levels in the third quarter of this year, continuing the trend seen since the recession of 1980. This trend was reinforced by the abolition of stock relief in the 1984 budget.

Stocks held by wholesalers, manufacturers and retailers fell by £1.0bn in the three months to September, following destocking of about £270m in the first half.

In the latest period a sharp fall in wholesalers stocks more than offset rises in those held by manufacturers and retailers.

The Government is relying on some rebuilding of stocks next year to meet its forecast of 3 per cent growth for the economy. It estimates that the turnaround could account for 1/2 per cent of the projected growth in gross domestic product.

Leyland to cut more bus and truck jobs

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A FURTHER 505 jobs are to go at Leyland Vehicles, the truck and bus subsidiary of state-owned BL, in the next three months.

Hardest hit by the move will be Leyland in Lancashire where the company intends to ask for 243 redundancies at the bus plant and a further 125 at the Spurrier engine facility.

Leyland's two other bus plants are also affected; 97 jobs are to go at Workington and 43 at Lowestoft. When the latest job cuts are completed, Leyland will have cut its workforce by 59 per cent from 28,000 to 11,500, since Sir Michael Edwards, the former chairman, started a rationalisation programme in 1979.

Leyland last night blamed the cuts on the fall in demand for buses and coaches in the UK by 60 per cent, or 3,320 a year, because of uncertainties about plans for the deregulation of bus services and forecasts that sales would fall even further in future.

Loss of the £383m contract to re-vamp Bangkok's bus services played no significant part in the decision.

Mr Len Brindle, spokesman for the Amalgamated Union of Engineering Workers, said last night that redundancies by Leyland Vehicles were becoming "almost an annual event." He said it was time that the Government realised that Leyland needed help.

N. Sea 'defies speculators of gloom'

Financial Times Reporter

THE RECENT high level of offshore oil and gas drilling on the UK continental shelf is being maintained in 1985, Mr Alick Buchanan-Smith, Energy Minister, said last night.

In the first 10 months of this year 75 exploration and 47 appraisal wells have been drilled, and 10 significant discoveries announced - more than at the same period in 1983, and only marginally behind the best-ever figures set last year, he said.

Speaking at the annual dinner of the Association of British Independent Oil Exploration Companies in London, Mr Buchanan-Smith said: "For those speculators who have recently made pessimistic forecasts that our North Sea oil will soon run out, I need do no more than point to the 1985 figures to show how wrong they are."

This year seemed certain to be one of the most successful years in the 21 years of drilling, bettered only by last year's "phenomenal" activity, he said. The UK continental shelf continued to be one of the - if not the - most attractive offshore areas in the world.

"It is astonishing to reflect that the overall discovery rate of one in five wells drilled has not varied much in two decades. In the central North Sea, oil and gas is being found at multiple geological levels, and in the southern basin gas has been found below the level of current producing gas fields. In these two areas one well in every three drilled this year has found oil or gas."

In the next few years oil companies will begin to explore, under their Ninth Round licences, the deep water and frontier areas of the Rockall and Faeroes troughs. The first results will be eagerly awaited by the industry. But despite the excitement and expectation raised by future operations in these unknown waters it is the North Sea that continues to defy the doom and gloom commentators.

Mr Buchanan-Smith's speech coincides with a report issued by energy consultants Gaffney, Cline, which confirms that north-west Europe is among the most active offshore exploration and drilling petroleum areas in the world.

When Sir Michael Edwards, chairman of Chloride, the British battery maker, opens his company's annual meeting he can be fairly certain that Dr Maurice Gillibrand, a former director of research, will be sitting in the hall.

When Mr Ken Siddle, chairman of European Ferries, the cross-Channel operator, meets his shareholders next June he will be surprised if Mr Serge Lourie, an accountant and SDP councillor for Richmond, is not among his audience.

And when Mr Patrick Sheehy, chairman of BAT Industries, the tobacco-based conglomerate pauses to light up his traditional State Express 555 at next year's annual meeting, he can be pretty certain that a representative of the World Development Movement will start to question BAT's cigarette marketing policies in the Third World.

Dr Gillibrand, Mr Lourie and the World Development Movement (WDM) which lobby on trade and development issues, have all three orchestrated shareholder action campaigns against major British companies in an attempt to influence their policies.

None would claim their efforts alone have achieved a great deal. But their persistence and that of others like them can focus the spotlight on sensitive issues. A vociferous action group is capable of causing company directors considerable embarrassment at the annual meeting, usually the only time that a board meets its shareholders face to face.

If the Government's attempts to bring Britain closer to share-owning democracy are successful, companies could find more and more of their shareholders uniting to form ginger groups to criticise their boards.

Significantly, British Telecom has already spawned a shareholders' action group, calling itself the BT Circle. BT added 1m first-time shareholders to the existing share-owning population of 2.6m when it was privatised last November.

Organised shareholder action groups are not a new development. Several have waged campaigns on both broadly ethical and more narrowly commercial issues in recent years.

Brooke Bond, the tea and foods group which was taken over last year by Unilever, faced strong criticism from the WDM through much of the 1970s for the pay and working conditions of its tea estates.

Barclays Bank has long had to live with criticism of its in-



volvement in South Africa. Two recent annual meetings of RTZ, the mining group, ended in scuffles between stewards and a small group of shareholders opposed to its involvement in Southern Africa.

The latest wave of protests have come, paradoxically, at a time when private investor participation in stock markets (before the privatisation of BT) had fallen to new lows.

But the sheer weight of the institutions and their unwillingness publicly to criticise company boards (whatever they may do behind the scenes) have produced frustration among many small investors.

Shareholder action groups are tender plants and they have usually withered once a particular campaign has ended. This time, however, there are signs that the disparate groups are starting to build up a body of experience which they are prepared to share with others.

As the protesters are organising themselves more effectively, the companies too are sharing their experiences. The public affairs departments of large companies have become very sensitive to issues which might prompt shareholder criticism.

Some recent shareholder campaigns illustrate the diversity of the British action groups and their achievements.

● The most successful shareholder revolt of recent years forced European Ferries to modify proposals aimed at restricting the availability of cheap ferry sailings to shareholders. Some 60,000 people bought Euroferries shares in just three years, attracted by this shareholder perk. They threatened to swamp the number of conventional investors in the company. A rowdy and confused shareholders' meeting voted the original plan down in June 1984 and this decision was confirmed by a count of the proxies cast by absent shareholders.

● The Dunlop small shareholders' association argued that the holdings of existing shareholders would be excessively diluted by the issue of new shares which, it said, were being offered too cheaply.

The wrangle between the association and Dunlop's board, then headed by Sir Michael Edwards, was dramatically interrupted by a £101m takeover bid from BTR, the industrial conglomerate.

Professor Robert Pritchard, of the genetics department of

Charles Batchelor looks at the rise of ginger groups against big business

Protestors take a share in the action

Leicester University and the main force behind the association, believes his group's pressure achieved very limited results.

"We got a good airing of some important issues," he admits. "But without the BTR bid we would have got very little."

● Brooke Bond came under strong pressure about the conditions of its tea workers following a World in Action programme: "The Cost of a Cup of Tea" in 1973.

This theme was argued at the company's annual meetings throughout the decade by the World Development Movement, which is funded by its members, the churches and development aid charities.

The pressure concentrated their minds on the problem," says Mr John Mitchell, director of the movement. "They were very conscious of their public image. They made definite attempts to do more in areas such as child nutrition."

Sir John Cuckney, who took over as Brooke Bond chairman in 1978, says the campaign is adamant, however, that the company had made no concessions.

"We always believed we were most advanced in our efforts to improve conditions."

Shareholder action groups face major difficulties in getting their case over. They lack time, money and organisational skills.

Their adversaries, the boards of companies, usually have ample amounts of all three. ● Getting in touch with other shareholders and co-ordinating criticism of a company takes time. Shareholders' meetings are normally held in London during business hours so action committees tend to attract the very committed, the retired or people working part-time.

"It was a very taxing exercise. I would not get involved in another action group," says Prof Pritchard. "I work only part-time and unfortunately the meetings came just after the Christmas vacation."

● Money. Buying a copy of Euroferries' share register, writing to and telephoning shareholders and travelling to meetings cost around £2,000, Mr Lourie estimates. Action groups like these depend on contributions from other interested shareholders.

The Dunlop shareholders' association made savings by paying just £20 for a print-out of the names and addresses of holders of "more than 5,000 shares compared with the £400 that a complete list would cost."

Despite their patchy record in effecting change shareholder action groups seem set to grow in importance. The small shareholder is becoming less willing to tolerate what he sees as the unduly cosy relationship between his company's directors and the City.

● Organisation. Rallying even a few hundred shareholders from a register of tens of thousands is a formidable task. Annual meetings provide a useful focus, however. Most groups are formed by angry shareholders gathering to talk after a meeting.

Shareholders frequently complain they are hampered by the Companies Act rules which lay down how resolutions must be submitted and meetings called.

For this reason professional people are much sought after as members of action groups.

Groups such as the WDM, with its own full-time staff are less troubled by these barriers but they, too, face problems getting sufficient backing for their actions.

Despite the growing role of the small shareholder, many still feel out of touch with influence on the affairs of their company by an exclusive circle of company directors, institutions and banks.

"The City is a very close-knit community," says Prof Pritchard. "It is a very insular self-supporting system which regards small shareholders as a nuisance if they get uppity."

The action groups say the City institutions - the pension funds, insurance companies and other fund managers whose large holdings can sway a board show little interest in their battles.

"Action groups tend to be a bloody nuisance," comments one fund manager. "They can be very difficult to deal with in practice even when we share their views. The last thing we want is meetings with individual shareholders. We don't have the time."

Do the action groups damage a company's image with the City or with its customers?

"There are some institutions at the margin which are not totally happy with having a holding in a company where the AGM develops into a near-farce," says Sir John Cuckney of his experiences at Brooke Bond. Sir Michael Edwards goes further. He believes the activities of the Chloride action group have wiped several million pounds off the company's market value.

Despite their patchy record in effecting change shareholder action groups seem set to grow in importance. The small shareholder is becoming less willing to tolerate what he sees as the unduly cosy relationship between his company's directors and the City.

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TEXTILE INDUSTRY AND THE EEC

Why Spain worries but Portugal is eager

By Anthony Moreton, Textiles Correspondent

FERNANDO MARQUES, a director of textile producer Finlencia, sits in his office in Portalegre, 100 miles from Lisbon on the border with Spain, and counts the days to January 1 when Portugal will join the Common Market.

"Entry will be a tremendous boost for our industry," he says. "We have been exporting to the Community against all the odds for the past 10 years. We have had to cope with quotas and voluntary restrictions on our goods. From January all that will stop. We shall have freedom of access."

Four hundred miles further on to the north-east, just outside Barcelona, Mr Jose Fajadas, head of Estebanell y Fabris, a cotton spinner, is cautious to the point of pessimism.

"The Spanish textile and garment industry has to face the challenge of integration into the EEC under very difficult conditions. The world economic crisis has affected Spain more intensely than many other countries."

Two countries' textile industries, two very different views of entry to the Common Market. One looks forward in anticipation, the other contemplates it with apprehension.

"Portugal sees entry as an opportunity, Spain as a potential problem," says Mr Ian Fleming, head of Nurel, the Spanish affiliate of ICL. "The difference is remarkable."

The difference reflects attitudes towards foreign trading. It also reflects the structure of the respective industries.

Portugal has always had a vigorous overseas trade for its fabrics and clothes. Macdonald, subsidiary of the Dutch concern Macintosh, employs 2,000 people in four plants outside Oporto producing more than 17,000 garments a day for sale in the rest of Europe.

The Spanish industry, by comparison, is insular in outlook, having been protected from the outside world by high tariffs and quotas.

5 per cent of its output goes abroad and imports account for just 10 per cent of consumption.

EEC membership, which will involve the dismantling of high tariff walls and greater competition from imports, will therefore be a great shock to the industry. Spain has the fifth largest textile industry in Europe, employing 340,000 people — and closures are inevitable.

Spanish industrialists are agitated. The opening of our market to imports is a commercial and economic revolution," according to Mr Salvador Malague, general secretary of Consejo Interindustrial Espanol, the industry confederation.

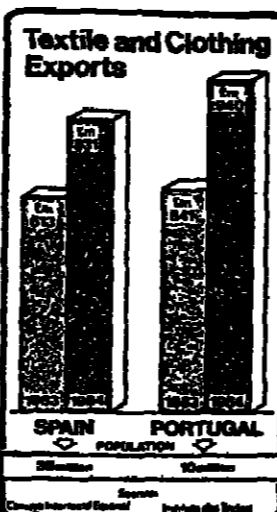
"Spain has always had high tariffs. As these come down and as VAT is introduced our competitiveness will be under-

by European standards," says Dr Agustin Milla, the country's International Wool Secretariat director. "It is plagued with short production runs, low productivity, high absenteeism, rising wage costs and dear stock financing."

Portugal's great strength is low wages. The annual European survey of textile costs conducted by the Warner Organisation in Brussels shows Portugal near the bottom of the league, paying on average \$1.25 an hour compared with \$3.57 in Spain and \$7.54 in West Germany.

"The truth is," says one overseas industrialist who understandably wants to remain anonymous, "that Portugal is very much a Third World country. Its wages are lower than those in South Korea, Hong Kong or Taiwan."

The Spanish industry remains uncompetitive by European standards, while Portugal's great strength is its low wages



machinery." The hope is that the EEC will open doors for Portuguese textiles and clothes. "It will force us to reorganise our structure, as we should have done 10 years ago when the political revolution occurred," says Mr Bartolomeu Monteiro, of the Textile Institute. "We see a profitable future in the EEC."

No such thought brightens his counterpart in Barcelona. Mr Malague. Not only do we have to contend with EEC entry but we also face a flood of cheap goods from the Far East at the same time if the Multi-Fibre Arrangement eases the restrictions on the low-cost countries."

The MFA is the world accord which controls a large part of international trade in clothes and textiles. It runs out in July 1986 and is now being renegotiated. The common assumption is that it will be applied more liberally in future, allowing goods from Sri Lanka, Indonesia and the Philippines much greater access to the high-income European countries.

"Entry into the EEC will be difficult enough," Mr Malague says, "but to have to contend with cheap Far Eastern goods as well will be catastrophic. If anything, we are much more worried about the MFA than about the Common Market."

Mr Abelard Villardel, director of Instituto Internacional Algodon, the Spanish cotton organisation, points out that although the industry has been heavily pruned since 1974, there will be further casualties.

"But there is no other way. Spain must be part of a modern Europe. We must adjust. It is a price that simply has to be paid."

Royal Insurance
Estimated Nine Months
Results for 1985

	9 months to 30 Sept 1985 (unaudited) £m	9 months to 30 Sept 1984 (unaudited) £m	Year 1984 (audited) £m
General Insurance: Premiums Written	2,074.8	1,645.6	2,268.4
Underwriting Balance Investment Income allocated to General Insurance operations	-278.8	-250.8	-347.4
General Insurance Result	-78.2	-78.9	-110.0
Long-term Insurance Profit	18.1	15.0	20.7
Investment Income attributable to Capital and Reserves	69.7	61.2	87.2
Share of Associated Companies' Profits	7.9	10.2	13.3
Profit before Taxation	16.6	7.5	11.2
Taxation	4.1	16.6	17.6
Minority Interests	0.2	(credit) 0.5	(credit) 0.4
Net Profit/Loss	12.3	-8.6	-6.0
Earnings per share	5.2p	(loss) 3.6p	(loss) 2.5p
Capital and Reserves	£1,714m	£1,674m	£1,830m

Exchange Rates
The pre-tax result has been adversely affected by £3.5m due to changes in exchange rates; the underwriting balance being worsened by £13.4m, with investment income and Associated Companies benefiting by £9.9m.

The third quarter result was an increased pre-tax profit of £34.4m (1984: £9.4m) and the total profit for the first nine months of 1985 was £16.6m (1984: £7.5m).

Investment Income
Total investment income of £270.3m increased in sterling terms by 15.9%; the underlying increase in local currencies was over 11%.

General Insurance
Premium income rose by 26.0% in sterling; the underlying increase in local currencies was over 21%.

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The contribution from Royal Life rose to £18.1m (1984: £15.0m).

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Global Banking Services Division

MANUFACTURERS HANOVER

THE MANAGEMENT PAGE

Industrial relations

Esso comes up to scratch

David Thomas explains how the oil group beat its construction targets

ESSO's sparkling new \$400m chemicals plant at Mossburn in Fife has just started to produce its first ethylene. It was completed five months ahead of schedule and 5 per cent below budget.

These are remarkable achievements for Britain's notoriously problem-strewn engineering construction industry. But perhaps Esso and its main contractor, Lummus Crest, can feel most proud of the industrial relations record on the site.

Productivity was a fifth better than budget. Industrial disputes ate up only 1.3 per cent of total man-hours—about a third the level expected on such a project, based on past industry experience. And there was no fatality or disabling accident in close on 20m man-hours of work.

So when Lummus Crest boasts of "probably the best industrial relations record of any major UK construction project," it's more than the usual hype of a contractor in search of new work.

How was it done? One factor working in the site's favour was a deal of goodwill. Kris Waran, Esso's industrial relations manager on site, who lived with the project for 7½ years, says: "It was a chance for the engineering construction industry to show to clients that big projects could be built to time and cost in Britain. So a lot of people were willing us to succeed."

Those people included national union officials who needed a success as badly as the management after the construction fiasco of the 1970s such as happened at the Isle of Grain power station and a number of nuclear power stations.

This goodwill could build on a more tangible asset, already much prized—the 1981 national agreement for the engineering construction industry, which has also helped performance on other major sites.

The agreement brought order where previously chaos reigned by laying down standard rates, allowances and so on for the construction of nominated projects falling under the agreement. It specifies a detailed procedure for resolving disputes, culminating in a joint union-management National Joint Council.

BRITAIN compares poorly with other countries when it comes to completion times for large construction projects. Mossburn took 44 months to build; whereas, according to the Mossburn management's own figures, comparable sites take 24-28 months. Some factors behind this gap are outside the control of contractors. Bad weather will always add time to schedules in Britain, unlike in the Middle East, for instance.

Speed can also be pursued at the expense of other objectives. Lummus Crest says its main priorities at Mossburn were quality and safety; then came the budget; and finally the speed of construction. Other contractors in other

countries might have different priorities. Britain shares with some other countries, but not all, a dearth of orders for large sites in recent years. Esso and Lummus Crest found there was an insufficient pool of trained labour in the immediate areas to draw on. In parts of North America and the Middle East, in contrast, teams have moved from one large site to another.

Finally, there are problems peculiar to Britain, which could be improved by contractors in the future. Despite the industrial relations improvements, absenteeism at Mossburn was still 9 per cent, about par for the course for large sites.

from among those workers in areas which completed a set period without an accident. They and Mr. Waran and his opposite number at Lummus Crest set out to eliminate the "legacy of mistrust" that characterised staff relations on major sites.

So there were single status buses into the site and canteens once workers got there. There was a common induction programme for the staff and the manual workers. All workers were paid by cheque, with banks laying on cash points on site.

Attempts were made to make the construction site seem as much like a normal workplace as possible. Family open days were laid on, with 14,000 people attending in the peak year. Equally important was managing the rundown. Traditionally on large sites, this has been a time ripe for go-slows and strikes as the workers have seen redundancy looming once the project is over.

Lummus Crest and Esso responded by setting up a Job Information Service on site which placed some 60 per cent of the workforce in new jobs. "It didn't cost us much money, but it meant a lot in terms of goodwill," Waran says.

Standardisation. There have been 120 different employers, eight different unions and five different labour agreements on some large sites. "The ability to get consis-

tent messages up and down that structure was minimal," Waran says. The 1981 national agreement was a great help in introducing standard pay and conditions, but Esso went further. In order to avoid a multitude of sub-contractors, it decided that Lummus Crest should hire all staff, except those doing site clearance and preparation, building and thermal insulation work.

So Lummus Crest directly employed about 3,000 of a peak labour force of about 4,000. In addition, Lummus Crest and Esso opted for a fixed productivity allowance, rather than an incentive bonus scheme.

Discipline. Lummus Crest and Esso decided that a consistent view on discipline would help to curb the unofficial stoppages which have marred large sites.

Early on, Waran recalls, there was a token stoppage on a Thursday. "Everyone received a telegram saying they were in breach of procedure and they were therefore suspended for Friday as well."

Management adopted the principle that no concessions should be gained from unofficial strikes. Waran says: "The union officials were with us. They told us they had been saying for years that management was not prepared to tackle unofficial strikes."

"Mark of respect" days were traditional on large sites. The whole workforce would stop work for a day whenever any one connected with the site died, even if the death was off-site and from natural causes.

At Mossburn, a deal was struck with the local unions whereby when someone died, people genuinely connected with the dead person could have time off to go to the funeral, and there would be a site collection, matched by the employers. But there would be no general walkout.

Esso says there were 21 deaths during the project, all from natural causes, and the agreement broke down only once.

More stress on supervisors. The Mossburn management believed that supervisors had lacked standing and status on large sites in the past. Because of the complex bonus systems,

for instance, supervisors had on occasions been paid less than the men they supervised. So Lummus Crest and Esso hit on a package of policies for supervisors unusual in the construction industry. Supervisors got a 15 per cent pay differential. Each foreman had a four-week training course. A one-to-eight supervisor to crew ratio was in force throughout the sites. Each supervisor's performance was assessed every six months. And supervisors got together for regular "group circle discussions."

Involving union officials. Lummus Crest and Esso built upon the greater involvement of union officials implied by the national agreement. Local union officials were invited to talk to new recruits at all induction courses. Since many did not have the time the companies gave the unions money to make a tape for the induction programme.

Peter Young, for the local TGWU, supports the management's claims: "They went out of their way to tell the unions what was happening."

Overall, therefore, the Mossburn industrial relations strategy was a mixture of stick (firm discipline) and carrot (the type of progressive personnel policies not usually associated with such a macho industry).

Ironically, in the back of the industrial relations problems, the Mossburn management has removed "troublesome unions" as the main excuse for Britain's poor performance on large sites.

Meanwhile, Esso has carried over some of the lessons from the construction phase to the running of its new plant. All the 330 workers—from clerical staff, through computer operators, to the multi-skilled craftsmen—have the same status. The administration block, which inside looks more like a pit of the Pompidou Centre than a chemical works, houses both "clean" and "dirty" functions: computer control and workshops.

Yet there is one striking difference from the site during its construction. The Esso plant is now non-union. Esso says it is not against the workers being union members, but neither will it encourage them. Waran argues: "We are not going to sign up members for the unions."



Esso's Mossburn plant in Fife provided "a chance for the engineering construction industry to show that big projects could be built to time and cost in Britain"

Management abstracts

Why simple is best in manufacturing. R. Baxter in Production Engineering (UK), July/August 1985 (2 pages).

Some sound commonsense is displayed in a report into the use (or misuse) of computer-integrated manufacturing findings include a general misunderstanding of what CIM means, and a generally unthoughtful rush to install such manufacturing technology without first tackling business from first principles. Accuses—along the way—the press and the vendors for overwhelming managers, and proposes its own—simplified—approach, that does not rule out CIM, but ensures that its use is established in the first place, and proper planning is done prior to implementation.

Plain speaking. W. D. St John in Personnel Journal (US), June 1985 (3 pages).

Offers advice on face-to-face dealings in situations such as introducing change, saying "no," criticising, apologising and praising—stresses the importance of interactive dialogue—listening and recognising body language as well as speaking.

Executive counselling. S. W. Gellerman in Personnel (US), June 85 (6 pages).

Outlines ways of identifying technically brilliant, hardworking, but managerially inadequate executives, and suggests a counselling/behaviour modification approach (conducted ideally by an "outsider" counsellor) to encourage change as an alternative to doing nothing or dismissal. Points to conditions necessary for success, and how organisational resistance can be overcome.

On the horns of a personnel dilemma. J. R. Andrews in Personnel Journal (US), June 85 (7 pages).

Suggests that human resources managers are occasionally confronted by dilemmas in their dealings with people (unpleasant situations from which all escapes are unsatisfactory); presents six common examples, such as being an ally of management or an advocate of the employee, and the conflicting demands of integrity versus flexibility, and discusses how to handle them.

Fear of making a speech. J. Garner in Performance (Hong Kong), June 85 (3 pages).

Remarks on the genuine fear of making a fool of oneself; to avoid that, offers advice on how to prepare, e.g. by committing oneself and analysing one's audience; how to structure the presentation (advocates sparing use of audiovisual material); and how to deliver a speech, exploiting—for instance—eye contact.

Reality shock. R. A. Dean + others in Personnel Administrator (US), June 85 (5 pages).

Contents that reality shock strikes when a new employee's job expectations are not borne out by the reality of the job, its context and its potential; drawing on supporting survey evidence, briefly considers causes, effects, implications and how to reduce it.

Who trains recruiters? P. Crofts in Personnel Management (UK), July 85 (4 pages).

Argues the need for formal training for senior managers involved in selection interviews, while warning that decision-making often stems from a "gut-feeling" that comes with experience. Looks at the training needs of people engaged in graduate recruitment, of employment consultants; tabulates details of courses currently available.

Reducing employee absenteeism. R. H. Ward and N. A. Elsie in Personnel (US), June 85 (5 pages).

Describes an absence control programme operated by the University of Illinois in Chicago which—based on comprehensive, automated, sickness absence data collection—enabled management to identify the 10 per cent "worst" and 10 per cent "best" employees and send them, respectively, letters of "concern" and "commendation." Claims this approach, allied to a change in the state sick pay regulations, to have been effective.

Corporate giving: a look at the state of business ethics. Netherlands. June 85 (8 pages).

Reviews the development of corporate support for the arts, particularly at a time when central governments are keen to control and cut back their own expenditure. Examines successful US approaches which include contributing 5 per cent of pre-tax corporate income to community projects, and tax deductible gifts. Quotes initiatives by Citibank (sponsorship of the New York Philharmonic Orchestra) and Dayton-Hudson (retailing) among others. (Heavily geared to the US, for instance in the tax considerations.)

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The holders of subordinated bonds of SPAREKASSEN SDS are called to an Ordinary General Meeting to be held at 27, rue du Rocher, PARIS 8ème (FRANCE) on November 30, 1985, at 3.30 p.m. in order to consider:

—Appointment of the bondholders' representative (delegates), designation of the substitute representatives.

Determination of the bondholders' representative powers and of the remuneration given to the permanent representatives.

To permit the bondholders to attend or to be represented at this meeting, the bonds or their deposit receipts must be deposited at least one day before the date fixed for the meeting. The meeting shall be held in the presence of the holders of the bonds or of their deposit receipts, and of the holders of twenty-five per cent of the outstanding bonds or of their deposit receipts, or of a person or persons representing them. THE ISSUER.

UNICO INVESTMENT FUND
The annual report 1985 may be obtained from the Paying Agents or from the Amsterdam Liaison Office N.Z. Voorburgwal 162-170, 1012 SJ Amsterdam/Holland, Tel. 20-262363, Tlx. 15412.

A dividend of DM 5.50 is payable as from 15-11-1985.

ENERGY SEARCH ONE N.V. NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

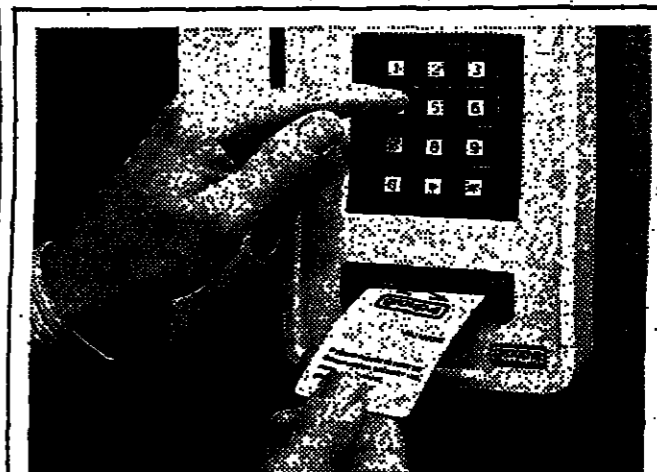
NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of ENERGY SEARCH ONE N.V., hereinafter called "the Company," will be held at the Company's offices at John B. Gorsiraweg, 6, Willemstad, Curaçao, Netherlands Antilles, on Thursday, 12 December, 1985 at 10.00 a.m. (Curaçao time), for the following purposes:

- To waive Article 10 sub-paragraph 2 of the Articles of Incorporation of the Company regarding the period within which the Meeting should have been held.
- To report on the condition of the Company.
- To adopt the Consolidated Financial Statements of the Company and its subsidiaries for the three years ended 31st December, 1984, together with Related Schedules.
- To change the Articles of Incorporation to reduce the required number of Supervisory Directors and to delete the requirement for an odd number of Supervisory Directors.
- To (re-)elect the Managing Director.
- To (re-)elect the Members of the Supervisory Board.
- To (re-)appoint Peat, Marwick, Mitchell & Co. as the Company's auditors.

3. Any other business which may properly come before the Meeting.

In order to exercise their rights at this Meeting, holders of bearer shares must establish their ownership of such shares in a manner satisfactory to the Chairman of the Meeting. Such ownership may be established by depositing such shares at the office of the Company or at Pierson, Holding & Pierson N.V., Herengracht 214, Amsterdam. The Netherlands (or a certificate of deposit of these shares satisfactory to the Managing Director or to Pierson, Holding & Pierson N.V.) not later than 6th December, 1985, and to produce proof thereof at the Meeting. The Managing Director has established 2nd December, 1985, as the record date for the purpose of determining Shareholders entitled to vote registered shares at this Annual General Meeting of Shareholders of the Company, and Shareholders as of the close of business on 2nd December, 1985, shall be entitled to vote at such Meeting in person or by proxy. Information related to items 3 and 4 of the Agenda are available at the offices of the Company and Pierson, Holding & Pierson N.V., Willemstad, Curaçao.

15th November, 1985
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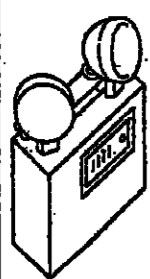
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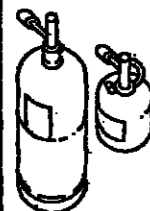
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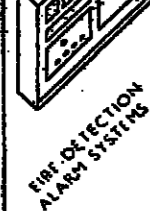
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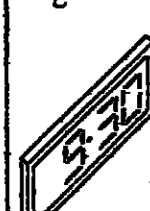
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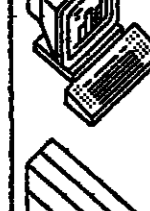
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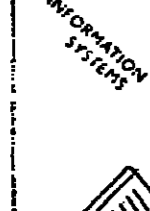
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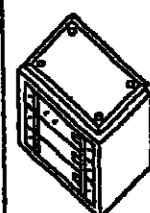
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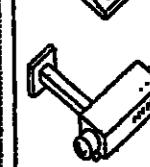
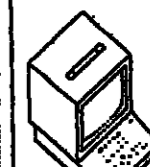
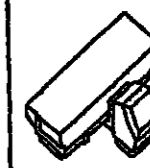
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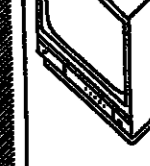
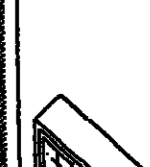
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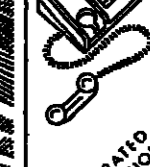
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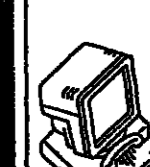
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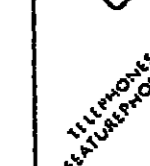
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Cinema/Nigel Andrews

Britain, washed and spin-dried

My Beautiful Laundrette directed by Stephen Frears
Colonel Redl directed by Istvan Szabo
Invasion USA directed by Joseph Zito

If you pass me my hat, I will prepare to eat it. Only a week after pronouncing that British cinema's last hours seemed near, I am happy to report that there is a sign of life. It is called *My Beautiful Laundrette* and it is directed by Stephen Frears and written by Hanif Kureishi.

This marvellous comedy of interracial manners spins around the partnership between two ex-schoolfriends, Pakistani Omar (Gordon Warnecke) and white National Front punk Johnny (Daniel Day-Lewis), who buy and vamp up a London laundrette. This quirkily madcap enterprise—the NF teaming up with the Subcontinent, and the vamp-up, despite the laundrette's being in a skinhead-haunted purlieu, ex-tending to Tokusai-style wave murals and piped Puccini—proves the spark that ignites not only their relationship but the lives, lusts and business fevers of all the characters around them.

Omar's fat-cat uncle (Saeed Jaffrey) urges on his nephew's entrepreneurial zeal: "You have to know how to squeeze the tits of the system!" Jaffrey's fudgling mistress, Shirley Ann Field, becomes over more high-profile as she is paraded through the laundrette on and before its gala opening. And Field's ascendancy provokes the rage of Jaffrey's spoiled wife. "My furniture keeps moving about the room," wails Miss Field, still as adept at sweetly pinpricked pin-up roles as in her 60's heyday.

But the main spark is to Omar and Johnny's own relationship. They are revealed not only to be old friends but also old lovers. With this swing into the unexpected—passionate clinches in a darkened car, a love-nest in the back of the laundrette—Kureishi and Frears turn a breezy parable about hands across the colour bar into something much richer. Racial inter-

gration meets *l'amour fou* and taboos both social and sexual, political and interpersonal, start spectacularly to crumble. Lurking vividly about the rim of the story, doing good deeds and bad in the film's thrust towards *entente*, are a gang of zero-IQ skinheads (Johnny's old chums); a laundrette clientele who do not know what has hit them; and a plethora of well-heeled Pakistanis, some wanting to shore up, others to rebel against, their cultural traditions.

The film has a richness of wit and conception one has despaired of seeing in British movies. Kureishi should surely be given a permanent resident screenwritership in UK cinema. And Frears—so often as in *Gumshoe* and *The Hit*—a talking-heads director bringing small-screen styles to the large—seems rejuvenated here. He conjures real visual fun and magic out of the ever-shuffling locales: from punk-tormented slums to plush Pakistani villas to the laundrette itself, where the old Britain is about to be washed and spin-dried and turned into the new.

Istvan Szabo's *Colonel Redl* looks at first like "Mephisto 2" as the Hungarian director bungs the star, Klaus Maria Brandauer, once more into the breaches of Teutonic history. This time, he plays the ill-fated officer undone by his own homosexuality and an arch-duke's scheming in the brief heyday of the Austro-Hungarian empire. Fifty years after his suicide in 1913, Redl inspired John Osborne's play, *A Patriot for Me*. Osborne's play, in turn, inspired Szabo's film.

A bold, biographic sweep from boyhood to manhood through a changing society and switchbacking history, is achieved in the 2½-hour movie. Szabo clearly is fascinated by the ceremonial masochism of military rites—the square-bashing, the initiation ordeals, the punishments—as Redl is kneaded into officer material. And he is equally fascinated by the military wrongs that can send a soldier slithering back to square one: the injudicious duel or the ill-considered affair (with the wrong woman or heaven forbid—the wrong man).

With its eerie, blue-washed photography and elliptical cutting (we leap a decade as



Klaus Maria Brandauer (top) and Christopher Kubinyi in "Colonel Redl"

matter-of-factly as we leap a minute) the film is a midnight drive on a hairpinning highway towards destiny. And the destiny, when reached, proves to be not glory but death: a gun placed in the hand, a command to suicide. For Redl, ordered by Archduke Ferdinand to ferret out subversives, found that the main "subversive" set up for ferreting was himself.

Brandauer's death scene, combining the terror of a condemned man's last minutes with the hopeless, thrashing rage of a trapped tiger, is a cracker. And so—but for a few loneurs when we become as lost as the characters in the maze of military and imperial intrigues—is the film.

Invasion USA is 90 minutes of merry rubbish about a Soviet plot to cause nationwide civil breakdown in the US. A secretly landed Russian terrorist force is dispersed through the cities where it commits murder and mayhem in

the guise of policemen, soldiers and National Guard. Who can save America? Surely only Chuck Norris. Sylvester Stallone presumably being unavailable in Vietnam. And the heard, hazooka-toting champ duly does so, blasting single-handedly into oblivion about 700 anti-American agents by my count, and gaining a slight cut above the right eye in return. The film itself, directed with gung-ho gusto and almost complete implausibility by Joseph Zito, is a slight cut below the IQ of any living filmpoet.

Chuck Norris would be a useful addition to the staff at the London Film Festival, which starts this week. With a well-aimed bazooka, he could shoot down any film-maker trying to bring in another one. At the last tally there were a crushing 160 movies, not counting shorts, and more are rumoured to be marching in from Heathrow and Gatwick.

However, the festival also has sold a vast number of seats and includes a multitude of good films in its overabundance. This surely makes it imperative for the powers that be at the BFI—Sir Richard Attenborough, Anthony Smith and company—to give the still provisional festival director, Derek Malcolm, at least another year in the hot seat.

Recommended and still bookable at the LFF in the coming week are: Walter Ruttmann's German silent classic *Berlin—Symphony of a City*; Edward Yang's Taipei story; Bobby Kotik's *Heartbreakers*; Geoff Murphy's *The Quiet Earth*; Sogo Ishii's *Crazy Family*; and a superb newly-restored Technicolor print of Powell and Pressburger's flamboyant rustic melodrama of 1950, *Gone With Earth*.

and Ravel; but the inclusion of *Libra* (1968) showed how thoroughly assimilated the Schoenbergian strain had become, and how specifically Spanish elements—the writing for guitar, the folksy melody with which it ends—could be reintroduced into his language without any self-consciousness.

The *Cancionero de Pedrell* (1941) are in a different category; Gerhard gives eight of Pedrell's collection of Spanish folksongs chamber orchestration, sometimes with curiously clotted, bottom-heavy textures. The authenticity of the idiom, though, for once seemed never in doubt.

Love for Love/Lyttelton

Michael Coveney

The last of the five new National Theatre groups to show its hand opens with Congreve's *Love for Love* directed by Peter Wood, whose 1985 production of the same play at the Old Vic is a memory of burnished gold and Laurence Olivier as Tattle tottering with bulging calves along the red-brick garden walls of Lila de Nobili design. Those very designs have been recreated by Bruce Snyder, and the lighting, as before, is by Richard Pittrow.

Michael Gambon and Anthony Hopkins played small roles in that production, which gives you an idea of the company's overall calibre. Mr. Wood's approach has now mellowed, or slowed down, or something. You leave the Lyttelton having made contact with a brilliantly organised and written comedy, but your—or at least my—heart is not throbbing with pleasure. The shadows have lengthened over the play, a fact reflected in Dominic Muldowney's plangent, melancholic music.

The start is slow and unexciting. Stephen Moore as Valentine

is discovered in his extravagantly book-lined study besieged by lawyers and bailiffs outside who want him to sign away his inheritance in favour of a booby seafaring younger brother. Some corners of the plot are no clearer than some in *The Way of the World*. Congreve's later and greater play, but Valentine is anxious to pay off his debts and present himself to the woman he loves, the haughtily indifferent Angelica.

Mr Moore is in danger of lapsing into an identical performance and much of this one is similar to his recent *Subtle* in *The Alchemist*, vague and languidly posturing. He comes across eventually as an incipient middle-aged bachelor saved from bookish eccentricity by Angelica's trial of his virtue. And he occupies his true element in the feigned mad scenes, speaking harsh truth in the privilege of absurdly swathed and bandaged disguise.

The truth is the one thing nobody much wants to hear, let alone speak, in this elegantly fabricated tissue of mock affection and opportunist

liaison. Chief perpetrators of confusion are the mischievous gossip Tattle and the serpentine free speaker Scandal. Both of these roles are interestingly taken, Tim Curry's Tattle forestalling Olivier comparisons with a transparently boyish predilection for his malicious sport, sucking in his breath between venomous spits, biting his finger and dangling a free leg after the horse has bolted. He trips along the garden wall after the failed seduction of the country cousin Prue (Sally Dexter, fulsomely fulminating, is a good TV recruit) and freezes as a Cupid statue to save his skin.

Niall Buggy delivers Scandal's jewel encrusted lines with a rare Irish vigour that makes you wonder why the National ever let him out of their sights. And another welcome survivor of the Wood *Rivals* production is Barry James, perky authoritative and in good voice as the university-educated servant Jeremy.

The sailor brother of Neil Daglish, complete with swag bag and parrot cage, is a rather stage-bound arrival, but his slow, apprehensive arrival

to greet his father is well done. If the sexual deals hatched on the male side are ruthless, they are matched for ingenuity by the complots of Lois Baxter's Mrs Foresight and Sara Kesel-man's huskily devious Mrs Frail.

Among all these shennangans, we also have a story of an embittered and non-plussed father, Sir Sampson, in whom Michael Bryant invests a measured tread and flinty determination not to be thwarted by his dissolute elder boy. He uses a Kenyatta fly-whisk as a deadly prop, heaving footstools with it, or swinging it idly in front of Amanda Redman's icily calculating Angelica as he suddenly warms to his allotted role of stooge lover with the unanswerable line: "I am of a long-lived race and inherit vigour."

This is by no means a night to set beside the old one, despite all the carefully fading lighting effects, the street lamps, the railings, the hanging trees and potted plants. There are, in fact, several stretches of tedious, and a vague feeling of routine, of going through the motions.

Alexeyev, Perlman/Festival Hall

Max Loppert

Dmitry Alexeyev's playing of the Brahms D minor Concerto rescued Wednesday's Philharmonia concert from its first part—and to start with even he seemed in less than his best form. The first half of the first movement found Alexeyev splashing and smudging the massive double-octave tracery quite remarkably often; then suddenly the performance settled, and he began to reveal both the grandeur of technique and the fiery directness of style that places him in the great line of Russian pianists.

Nothing that one could sense as an "additive"—no heart-on-sleeve dramatising, no self-conscious pecking attitudes to reveal both the grandeur of technique and the fiery directness of style that places him in the great line of Russian pianists.

under Esa-Pekka Salonen the

orchestra, which had earlier sounded its way through the slow movement, seemed unable to match him step for step. It will be good to hear Alexeyev's Brahms First again, in circumstances that allow its best qualities to flourish all the way through.

Salonen, a young conductor who has been receiving sustained high praise, in these columns and elsewhere, was on this occasion a thorough-going disappointment. Sibelius' *Pohjola's Daughter* was over-conducted—dandled, cosseted, its sections split apart by extremes of tempo—in a way that eventually caused the snapping of its dramatic thread. A classic error of judgment in the Mendelssohn Italian Symphony is to choose a tempo for the opening *Allegro vivace* faster than can be precisely articulated by the orchestra's strings. It was made here, and a charmless, frenetic scramble was the result.

Itzhak Perlman played on Sunday evening the Brahms

Violin Concerto with Andre Previn and the Royal Philharmonic. It was totally secure, entirely unflappable, truly sounded in the centre of every note, and rather pedestrian—stagnant, even, in its best sublime heights in this work, sounded as though he has mislaid his inspiration.

In the concert's first part, Previn introduced to London a work commissioned from John Harbison for the Pittsburgh Symphony during his directorship there—*Ulysses' Bow*, a ballet in five scenes with interludes (the second dance score by Harbison to be based on Homer). As the New Opera Company performance of his one-act opera, *Fall Moon in March*, made clear not long ago, Harbison scores cleanly, limpidly, and with unflinching effectiveness; he is unafraid of essaying lyrical styles in tonal idioms. In the opera, the mixture was fresh in its appeal: fact, several stretches of tedious, and a vague feeling of routine, of going through the motions.



André Previn

Andras Schiff/Wigmore Hall

Paul Driver

Andras Schiff is offering his pianistic interpretation of Bach's *Well-Tempered Clavier* to Londoners. He began on Wednesday night with the first book of 24 preludes and fugues, running through them with only two breaks—full-length intervals after batches of eight, each embracing four tonalities.

The jumping sequence of keys—C to C sharp to D, etc.—does not prove a harmonic obstacle to the listener, and there seemed to me to be a peculiar nameless affinity between the pieces in each group: the evening's experience was rather like listening to some prodigious three-movement symphony for piano.

Schiff's approach is not evidently conditioned by considerations of keyboard authenticity, but rather reflects a straightforward confidence in the suitability of the modern grand to anything in Bach's text. Straightforwardness, and a certain plainness, also marked his response to purely musical challenges, at least in the first group of preludes and fugues.

He made a dull start with the C major pair and proceeded to a heavy-footed C minor prelude and falsely emphasised accompanying fugue. There were missed opportunities for poetic

nuance in the D major fugue; while the D minor prelude's triplets were slow and stately rather than impelled, and interesting. Thus far in the recital, Schiff's playing seemed predominantly sober and safe.

It was, in fact, progressively absorbing. The note of intensity in the E flat minor prelude ending Schiff's first group was sustained throughout much of what followed. Subtleties of touch and phrasing, insights into structure and communicative essence, grew numerous. In his final group, Schiff achieved striking results with such pieces as the A minor fugue—done in wilfully staccato fashion but deeply considered and intensely sustained—or the B flat minor pair, of which the prelude was tonally captivating and the fugue massively eloquent.

By the end—in the B minor pair—the occasionally lackluster pianist of earlier had been transformed into a magisterial artist. The prelude given with marvellous hard clarity—clarity both of texture and mind. The vast and slow fugue, unfolded in a way that combined extremes of refinement and simplicity, concluded the concert with a blaze of splendour.

Coppelia/Churchill, Bromley

Clement Crisp

London City Ballet has enlarged its repertoire with a staging of *Coppelia*, complete enough save for the programme book's wholesale omission of the acute accent.

Mounted by Christopher Gable, this is in many ways—and most of them welcome—the old Royal Ballet version, with such gems as the *Bar de Corn* sextet decently restored, and not too much additional flummery to come between us and the gentle truths of the tale. (It tells, with some subtlety, of the nature of true love, and of the spiritual journey two young people must take to discover the reality of that love.)

The staging is reasonably danced by the company, albeit Peter Farmer's settings have 'heir murky moments; but small numbers on stage, and a small orchestra warring and tootling through Delibes' 24 carat score, are no help to making us believe in what we see.

I suppose LCB's audiences require these dwarfish simulacra of the classics, and a full house in Bromley on Wednesday enjoyed every moment. What was 'bsent throughout the evening was charm. It is a rare quality, not to be acquired—the gift of a good fairy at the christening of a potential Swanilda—

and without it the dance looks as mechanical as anything done by Coppelia herself.

Marian St Claire as Swanilda gave a reading in which there was no shortage of bravura effects, but little warmth of spirit. This Galician belle came on stage looking for trouble, and whipped through the subsequent frivolities with determination; but nothing made me feel that Swanilda deserved happiness in love. For once, I felt a twinge of sympathy for Franz, that least charming of heroes, for whose cause Peter Lucadoux-Wells did not seem enthusiastic.

Miss St Claire was at her most effective in the duel of wits with Gavin Dorian Coppélius in Act 2, when theatrical sparks began to fly and the dance acquired a bounding energy. Mime was generally unconvincing from the cast, with peasantry registering embarrassment rather than any more joyous feelings. In the last act diversions, well staged by Mr Gable, I enjoyed the bright presence of Jane Sanig as Dawn, and the neat style in the Morning Hours' dancing. The production is sponsored by BP.



Gordon Warnecke (left), Shirley Ann Field and Saeed Jaffrey in "My Beautiful Laundrette"

Alongside the exhibition that opened yesterday at London's Hayward Gallery, a musical "Homage to Barcelona" is scattered around central London over the next three months. It began at the Elizabeth Hall on Wednesday, when the Nash Ensemble and Jennifer Smith reviewed the luminaries of Catalan music—Granados, Falla, Gerhard and, at one remove here, Pedrell.

The selection and performances of the works were nicely varied and thoroughly likeable. But far from demonstrating that this group of composers represented a coherent tradition with

Homage to Barcelona

Andrew Clements

its own pungent characteristics, they left the impression of a sequence of varied external influences, upon which specific ally Spanish elements were laid like touches of exotic colour.

For Granados' Piano Quintet of 1898, the starting point was Schumann and Mendelssohn, with the flavour of Spanish dance adding zip to some of the themes. For Falla's *Psyché* it is Ravel, a gorgeous and irres-

tible use of soprano and a handful of instruments; in his Harpsichord Concerto it is Stravinsky, although there is perhaps more there than the neoclassical brittleness that Ian Brown and his colleagues suggested.

Gerhard's sources are harder to pin down. The *Servant Haiku* of 1922 cast covetous eyes on the style of *Pierrot Lunaire*, as refracted through Stravinsky

and Ravel; but the inclusion of *Libra* (1968) showed how thoroughly assimilated the Schoenbergian strain had become, and how specifically Spanish elements—the writing for guitar, the folksy melody with which it ends—could be reintroduced into his language without any self-consciousness.

The *Cancionero de Pedrell* (1941) are in a different category; Gerhard gives eight of Pedrell's collection of Spanish folksongs chamber orchestration, sometimes with curiously clotted, bottom-heavy textures. The authenticity of the idiom, though, for once seemed never in doubt.

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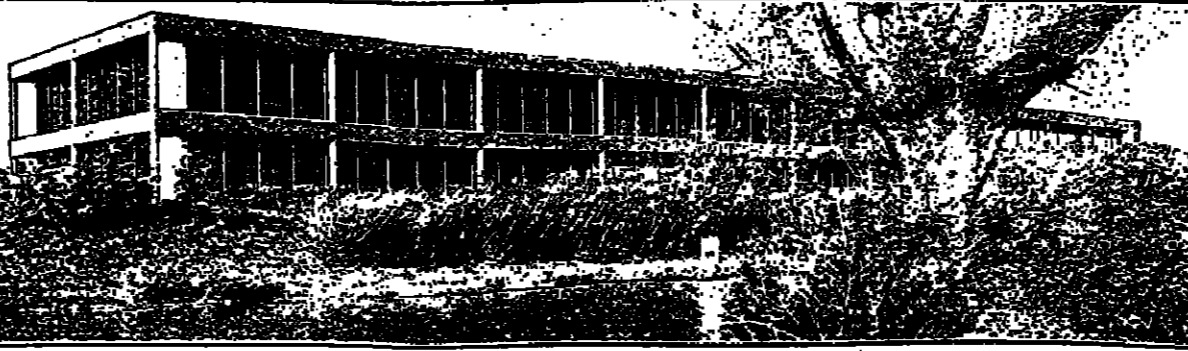
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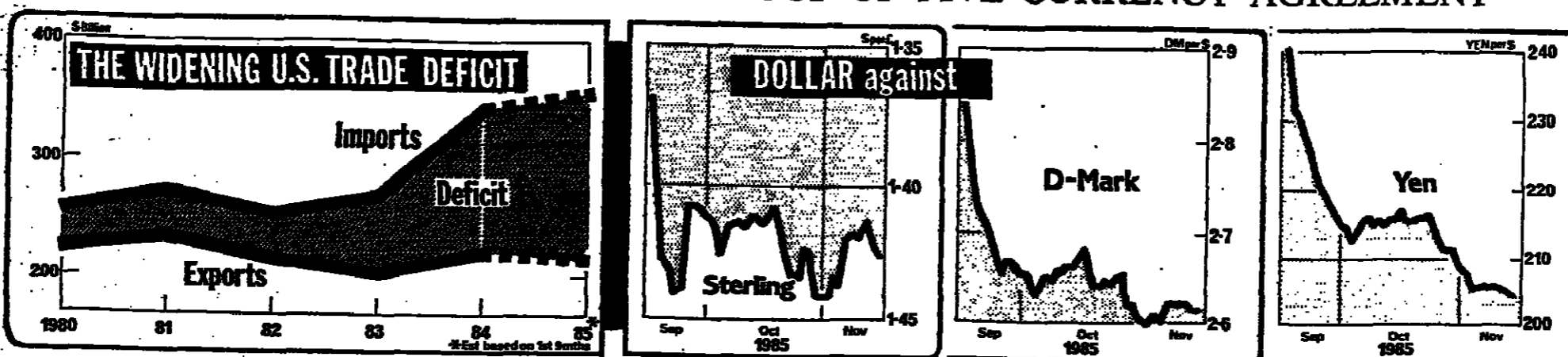
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US TRADE POLITICS AND THE GROUP OF FIVE CURRENCY AGREEMENT



A respite for the President...

Commerce Department Secretary Malcolm Baldrige and Dr Clayton Youtter, the President's Trade Representative, have said that further declines in the dollar's value of 10-20 per cent are needed to restore US competitiveness.

On Capitol Hill, however, the Administration's startling admission on September 22 that it now viewed the dollar's strength as a major economic problem rather than a blessing in disguise, has won it time to try to regain the initiative on the trade issue just when many Democrats were beginning to see it as a political windfall which might boost their party's chances in next year's mid term elections.

Congressmen have had to put down a protectionist Bills on the back burner in the face of strong public support for Mr Reagan's free trade/fair trade stance and the Democrats have had to think carefully about how to respond to the trade deficit issue and at the same time avoid being tagged with the protectionist label.

"Congress has a bloody nose," says one Capitol Hill trade policy adviser. "People are too embarrassed by too much extremism," adds Mr Harold B. Malgren, a Washington-based trade consultant.

The clearest evidence that the protectionist fever has abated for the moment is the time Congress has spent recently on other things. Since the middle of October, attention has focused on the battle over the budget reform process. In between times the House Ways and Means Committee, the

Protectionist Bills put on the back-burner

issue is anything but a spent force.

Democrats in the House and the Senate and House Republicans have issued trade reform proposals designed partly to keep up pressure on the administration and partly to position themselves ahead of next year's mid-term elections against partisan attacks that they are weak on trade issues. The similarity of the tax reform proposals coming from both parties in Congress is further evidence of Mr Reagan's success so far in setting the trade agenda.

In the House, both parties are calling for international

monetary reform to stabilise currencies. There are also demands to reduce Presidential discretion in deciding trade cases. Senator John Danforth is still pushing for legislation which would restrict foreign imports of telecommunications equipment unless US manufacturers' access to overseas telecommunications markets is improved, a proposal which is seen to be aimed at Japan, West Germany and France in particular.

There are widespread predictions that Congress will insist that the US open up formal international talks on the world monetary system when it gives its authorisation for the Administration to start a new GATT round of trade negotiations.

Some Administration officials are biding their time. The White House might ultimately support Senator Danforth's Bill. High technology trade is an area the White House sees as being tilted with trade distortions that hit the US particularly hard.

The White House for its part is looking to demonstrate that it is responsive to Capitol Hill's concerns. The President has indicated support for tightening up some elements of US trade law to improve protection for intellectual property rights, for example, and for the first time the Administration has initiated trade actions under sweeping section 301 of the Trade Act.

There are fears, particularly amongst US trading partners, that if pursued too aggressively such initiatives could in effect

be setting up the US as judge and jury on contentious issues and help to undermine the GATT. Trade reform legislation could also, in some cases, tend to have this effect. That is not the way it is seen on Capitol Hill, where the argument is that action needs to be taken to level an international trade playing field which is tilted against the US.

Now that trade has been recognised by the Administration as a political threat to the President, and the issue is receiving regular Cabinet level consideration, trade officials including Dr Youtter are said to be finding it easier to rally support in the White House for trade policy priorities. These are seen to be continued efforts to resist protectionist legislation, the implementation of policies designed to improve US companies' access to foreign markets, and the initiation of a new round of GATT negotiations.

There is a widespread recognition both within the Administration, and outside it, that reforms of trade laws and pressures to improve access for US goods to foreign markets are not of themselves going to have much of an impact on the trade deficit. The Institute for International Economics, recently published a study arguing that market opening measures by Japan could be expected to reduce by only \$5-6bn a bilateral deficit expected to hit \$50bn this year. This impact would be reduced by about \$5bn if the US removed its barriers to Japanese goods. A cheaper dollar, defined as a Yen/Dollar rate of ¥100, on the other hand, would cut the bilateral deficit by \$17bn, according to the study.

Such conclusions explain why trade scholars such as Mr I. M. Desler, at the Institute maintain that a lot is riding on the (G5) currency adjustment initiative.

Stewart Fleming
in Washington

...but it's all down to the \$

AFTER THEIR initial success in engineering a sharp fall in the dollar's value after the New York meeting on September 22, the central banks of the Group of Five major industrial nations appear less certain on the next move.

The question governments now face is whether to aim for another sharp downward adjustment in the dollar's value through stepped up intervention and co-ordinated interest rate policies. Or whether to seek to hold the US currency at around present levels, encouraging small declines as the opportunity arises.

Central bankers and finance ministry officials from the five major players—the US, Japan, West Germany, Britain, and France — are understandably coy about their next move.

The lesson they have learnt from the gyrations on the foreign exchanges over the last year is that it is crucial to keep the markets guessing to maximise the effectiveness of intervention.

They do not deny, however, that there are different shades of opinion both within and between different governments. What has become clear over the past two months is that the core of the intervention accord was a decision to engineer a sharp appreciation of the

Japanese yen against the dollar. Since the key aim was to head off protectionist pressures in the US Congress, Japan's huge trade surplus with the US was the first obvious target.

Japan accounts for nearly 30 per cent of all US imports of manufactured goods and, helped by the depressed value of the yen, its exports to the US have risen by more than 80 per cent over the past four years.

The Europeans were ready to help the process along but, West Germany in particular, were not prepared to take the lead role that it had assumed in previous bouts of intervention.

This asymmetry is reflected in what has actually happened on the currency markets since the New York meeting. The yen, bolstered not only by intervention but by the Tokyo government's decision to reinforce the impact of dollar sales by pushing up its domestic interest rates, has appreciated by around 17 per cent.

The D-mark in contrast has risen by only about 8 per cent and sterling by just 4 per cent.

The net result is that the yen has gained not just against the dollar but against every other major currency. Sterling's rise against the US currency has been counterbalanced by falls against those of its European partners, a combination regarded as ideal by the British

authorities. On the markets themselves, the Bank of Japan and the US Federal Reserve have been the key players, both spending billions of dollars. The Bundesbank, accustomed in the past to grabbing all the headlines, has been relatively subdued.

(Central bankers are reluctant to divulge how much they have spent overall though they do not demur when figures of over £100m are mentioned.) Mr Karl Otto Poehl, the Bundesbank's president, has also sought to squash speculation that Japan's move to raise its interest rates implied that the New York agreement included specific arrangements to keep up borrowing costs outside the US.

European central banks insist that, while the Tokyo Government's action is consistent with the general desire to seek a devaluation of the dollar, it was a unilateral decision.

"Of course we have not committed ourselves to raise our interest rate level and thus reduce the gap with US rates and achieve a correction in the dollar through this means," Mr Poehl said earlier this month. "Nobody should have demanded this of us and nor would I have agreed to it."

Reading between the lines of such statements is the suggestion that while Japan—acting in its own self-interest—will not be discouraged from further attacks on the dollar, European governments are for the moment more interested in preventing a rebound.

An uncontrolled slide in the dollar's value could trigger a sharp rise in US interest rates, threatening economic growth in both the American and world economies.

That very real fear—shared by the US authorities—is accompanied by a feeling in some European capitals that the dollar's current value is far from inconsistent with a more vigorous recovery on this side of the Atlantic.

"We still believe the dollar is overvalued. But it is a question of how much you can do in a short space of time, particularly when there is no real progress yet on tackling the fundamental problem of the US budget deficit," the central banker said.

The Europeans insist, however, that the dollar's present levels do not represent a target zone which they will seek to maintain. Further raids are always a possibility, particularly if the markets seek to test the bank's resolve.

And if protectionist pressures on Capitol Hill were to show signs of a major revival, the possibility of another major assault could not be ruled out.

Philip Stephens
Economics Correspondent

Marketing insurance

From Mr J. Lynch

Sir,—Mr Short (November 4) takes the lid off a hive of activity by persons wishing to do business with life insurance companies, an activity which appears to be misguided and—I mix my metaphors—barking up the wrong tree making a thorough dog's dinner.

Going back to basics, the Insurance Companies Act 1974 defines insurance which can only be transacted by authorised insurers who write their business in various ways and through a variety of intermediaries.

Insurance brokers have already submitted to registration under the provisions of the Insurance Brokers (Registration) Act 1977, the main privilege of which is that brokers are independent of insurers; all other intermediaries are the responsibility of the insurer(s) with whom they place business hence they cannot claim to be independent intermediaries because of the potential conflict of interest arising from this responsibility of insurers.

It follows that if any intermediary who has not yet submitted to registration wishes to claim independence the only thing necessary is to obtain registration under the existing legislation and there is no need for a plethora of regulatory bodies. If some intermediaries wish to restrict their involvement in insurance to specific classes of business, eg "ordinary long term business" doubtless the Insurance Brokers Registration Council will consider whether this will warrant modification of its rules.

Referring to so-called hybrid agents, namely commission only agents dealing with more than one principal and who are said to be self-employed, it is not necessary to look further than the building trade and the problem of "The Lump" anyone familiar with employers liability insurance knows there is ample legal precedent that it is "control and not who pays the stamp" which determines the existence of an employer/employee relationship.

In conclusion, the references to "registered insurance brokers"—anyone who is not registered is not an insurance broker.

J. C. Lynch,
1 Byron Parade,
11 Bridge Road,
Hillingdon, Middlesex

Funds of funds

From Mr D. Garrett

Sir,—I may have missed the point, but why such a debate over "funds of funds"? Insurance companies have been running such funds for many years — and without the benefit(?) of DTI regulation.

Letters to the Editor

Moreover, financial journalists nowadays seem to be uncritical, indeed somewhat in favour, of insurance companies' managed funds (p.15-16) with the proviso that they are not "too much" alternative or specialist-sector funds.

A unit trust "fund of funds" appears to me to be just the same animal.

David Garrett,
5 Wyckiffe Road,
Henleaze, Bristol.

Structural change

From Diane Elson

Sir,—Dr Wolf (November 2) asserts that arguments for government co-ordination of structural change (such as adjustment to the decline of UK oil revenues) are an exercise in "theoretical fantasy". He makes fashionable claims about reliance on the "altruism of politicians and bureaucrats," and extols the foresight of the capital market.

But one does not have to believe in the saintliness of ministers and permanent secretaries, nor to believe in their superior wisdom, to argue that government co-ordination of long-run structural change is likely to produce better results. On motivation, one simply has to assume that the objects of the self-interest of politicians and bureaucrats, and the constraints under which they operate, are different from those of shareholders, dealers, managers and businessmen. The silliness comes in believing that a simple model of profit-seeking behaviour which may do well enough for the latter can be transferred to the former group, with profits replaced by "votes," "size of budget," etc.

Of course politicians and bureaucrats are self-interested in their exercise of state power — but that self-interest extends to a concern for reputation for competence, or public service, and to the judgment of historians as well as contemporaries. If advocates of government co-ordination wish to show how hardheaded and realistic they are, they can claim to be relying on the altruism of politicians and bureaucrats. Less cynically, they could suggest that politicians and bureaucrats derive private satisfaction from pursuing the public interest (necessarily, the public interest as they see it).

This may seem an odd, even

a perverse, pleasure to those whose satisfaction is derived from making a killing on the Stock Exchange. But the efficient operation of the Stock Exchange, or any other market, depends on there being employees of the state sufficiently "altruistic" not to view public office solely as a source of immediate personal enrichment or aggrandisement. How else can the law of contract be upheld?

The case for government co-ordination does not rest on the idea that public officials know best, but that public officials are better placed to promote the pooling and diffusion of information about new technology, to take into account the interaction between decisions of individual enterprises and the macroeconomic environment. This is not because public officials have magical powers, but because they are not constrained to consider the profitability of each enterprise separately. They can take an overview of the viability of whole sectors of the economy. The problem with the capital market, on which Dr Wolf would have us rely, is that it must value each firm separately, taking everything else as given, and thus fails to take into account externalities.

To be sure, neither public co-ordination nor private markets are perfect mechanisms, but it is so realistic to place all our faith in the "creative finance" and "appealing young men" of the capital markets, and none in the sober officials of NEDO and the Department of Industry?

Diane Elson,
Department of Economics,
University of Manchester,
Manchester.

Speeding the mail

From the Head of Letter Planning, The Post Office

Sir,—The postnote is designed to speed mail through modern mechanised sorting offices — not as a substitute for the full, correct address (Mr J. K. Money, November 8). Postcodes enable electronic machinery to sort items right down to a postman's walk, with each of them covering up to 70 individual addresses.

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C. W. Johnson,
33 Grosvenor Gardens, SW1.

Shopping together

From Mr N. Whittaker

Sir,—Christopher Townsend of the Jubilee Trust (November 11) gives a misleading picture. It is clearly not true that "consumers have six days to shop already." Many consumers are working most of the time shops are currently open. Working women and married couples need more time to shop and retailers are serving their customers ill if they are not ready to open when customers demand it. For permanent employees, a major benefit of the seven-day shop is that retail employees can have whole weekends free from the six-day system.

Sabbatarism and their associates claim that they are defending not the sanctified interests but the quality of life on Sundays. Shopping is by no means an alternative to Church-going, and evidence from elsewhere in the world confirms that Sunday shopping is predominantly a leisure and a family activity, consonant with Sunday being a special day in the modern mode. Incidentally, there is no evidence that Church-going suffers either.

Nigel Whittaker,
Open Shop,
242, Marylebone Rd, NW1.

Food for many consultations

From Eva Lester

Sir,—If Nigel Andrews (November 8) were to attend a residential course for doctors, he would be reassured to find that they, like him, were having bacon, eggs, fried bread, coffee with cream and toast and marmalade too for breakfast. On the other hand, he would see that almost none of them was smoking. This suggests to me that my colleagues do believe what they tell their patients about smoking but not about food.

The question, however, the word it, that many of our patients are asking us is how they can stay young and fit and live for ever. The truthful answer is that we do not know. This puts some doctors in a difficult position since they feel that they are required to offer positive advice rather than uncertainty. Low fat, low sugar, high fibre, low salt and most recently high potassium can provide food for many consultations.

Eva Lester,
North Middlesex Hospital,
Edmonton N18.

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FINANCIAL TIMES SURVEY

Industrial Property

Tensions are building up as investors rush into high-tech property schemes while still learning from occupiers and US experiences what sort of developments are really required.

A new breed emerges

AS DEVELOPMENT has changed to meet the needs of the 1980s industrial property has outgrown the structures and designs until recently demanded by the investing funds.

Tenants no longer want the standard construction of 18 ft eaves in terraced buildings with low office content, high site cover and poor parking and turning areas.

Potential occupiers know for example that a modern US development will provide one parking space for every 250 sq ft of floor area. They want a change of use option, good environment and building services and flexible occupancy terms.

A new breed of building has emerged which agents Richard Ellis split into high-tech, mid-tech and modern warehouse space incorporating improved loading and handling facilities. The question is whether the high tech breed has become too popular in some places.

And perhaps whether, in some cases the categories should be regarded as cheap, out-of-town office space, conceived from land values which should be the residual, rather than the determinant of development.

Warning noises began to be made this year, Jones Lang Wootton, saw a threat of oversupply in the prosperous south-east, where some land values had soared over 50m an acre.

Survey written by
WILLIAM COCHRANE
with contributions
from Mira Bar-Hillel

The agents also suggested that some developers had chosen the wrong sites, and warned that fingers would be burnt.

The best high-tech schemes with attributes of flexibility, parking and correct location, will let at high returns, forecast Clive Lewis & Partners. But many sites considered worth 5m an acre would lose up to half this falsely attributed value and be sold for ordinary warehousing and industry.

Reinforcement of these views came from Grant & Partners. "There will not be sufficient growth to justify prices being paid, and in many cases there will be more growth in well-located industrial and warehouse estates rather than inferior high technology building," said the agents.

A study of Berkshire, perhaps the most active market, showed 1.3m sq ft of "multi-use" space under construction, 2.4m sq ft with planning consent and a further 8.5m sq ft being proposed by developers eager to

jump on the bandwagon.

Mr Fer Dijkstra, head of the KFR Research team which made the study, said the volume of multi-use floorspace in the pipeline was "quite amazing." Demand was upsurged at this level of supply and prospects for rental growth over two to three years were not good, he said.

Richard Ellis's view is that demand exists — for the right property — but not limitless. Competition for sites had sent land values soaring to levels justified only by rents above 20 per sq ft.

Not all sites fetching high prices were truly prime, and Richard Ellis expects the market to correct itself so that site values fall into line with the type of industrial development most suitable for the location.

True high-tech buildings are defined by Richard Ellis as those where space is interchangeable between offices, industrial or research. Mid-tech is a warehouse or factory or broadly traditional structure with 25 to 40 per cent office content. Modern warehouses form the third category.

The other side of the coin is that strong interest by developers in high-tech is likely to result in a shortage in supply of good industrial warehouse accommodation once the existing stock is exhausted. Investors should not overlook this sector, the agents say.



Industry or offices? The Rolm Corporation plant in California's Silicon Valley hides its 800,000 sq ft in the sort of lavish landscaping which may set a standard for its planned 150,000 sq ft headquarters at Swindon in the UK

Little trading of high-tech

THE SOUTH-EAST of England emerges as the main bright spot on the industrial scene in the latest property market report from the Inland Revenue valuation office. It found:

● No apparent change in investor sentiment, with most district valuers reporting little or no interest and struggling to identify transactions on which to found an opinion.

● The proportion of transactions attributable to the south-east and outer London regions had risen from 36 per cent in the report of October 1984 to 54 per cent in April 1985 and dropped slightly to 49 per cent now. This tends to demonstrate the lack of interest in other parts of the country.

● There is little evidence of prime yields of 7.25 per cent being achieved and the bulk of transactions in modern pro-

perty appears to be at the 8.5 per cent mark.

● There is still no evidence of any real trading of "high tech" investments.

Other more positive developments are worth recording however.

Mr Gerald Blundell of JLV Research says industrial offer yields are 9.8 per cent, their highest level since early 1977 and 0.8 percentage points higher than a year ago. He implies that investors, at least, are facing the facts.

Richard Ellis report that over the past 18 months institutional investors have finally become reluctant to hold their existing—and often dated—portfolios and accepted the reality of lower values in an effort to trade.

As a result, there is a livelier market for second-hand space. This has led to a renaissance in

the secondary market and a halting in the downward trend in values.

The best development is inspired, whether it is a 40ft-high warehouse for Mattel or the rich US headquarter buildings in Silicon Glen and the south.

Design has been influenced by the fact that in some locations it is often easier for the occupier to buy freehold and build exactly what he wants than to find an institutional investor to accept a specialised building.

Marketing is being approached with enthusiasm and a considerable skill. The product is more interesting and attractive than it used to be and if this has led to excesses of enthusiasm in the prosperous south-east, it has also given the rest of the country a benchmark.

The lessons of Orange County

ONE OF the most striking examples of business park development in the US is south of Los Angeles, where the Irvine Company owns 68,000 acres of land in central Orange County.

Twenty years ago the company devised a scheme for the 3,800 acre Irvine Complex, centred on what is now known as the John Wayne Orange County Airport.

Property values moved up to virtually exclude standard industrial property, turning the complex to offices and research. So the company designated 2,172 acres, called the Irvine Spectrum, for industrial, technology, bioscience and commercial development eight miles to the west of the complex.

The objective is to build the largest planned urban community in the US and there are lessons in it for the UK.

These have been absorbed by Mr David Cripps of Strutt & Parker's Newport Beach office, which is on the doorstep of the 150m sq ft of industrial property in Orange County. Based on these, Strutt's criteria for attracting high technology companies to business parks in the UK include:

- Concept—activities which include production, sales, servicing, warehousing, training and research cannot be housed on traditional industrial estates.
- Location—must give access to rapid national and international communications, and to universities and other centres of learning for recruitment. It must also be in a pleasant environment with good housing and leisure facilities; and close to companies engaged in similar occupations.
- Design and layout—should involve high quality, low density, campus-style development with extensive landscaping and car parking and flexibility in potential use.
- Management—must cover landscaping, buildings and common services.
- Tenure—tenants must be offered the ability to rent or

buy, leasehold and freehold, short-term and long-term.

In the UK Strutt & Parker says land is scarce and demand is great. Institutional investment dominates the market and the funds' propensity for buying and holding land reduces supply still further. Their investors' wishes for 25 years leases are unsuitable for modern industry, and landlords' need for covenant and precedent further alienates them from new industries.

Planners want to locate offices in towns and industry in areas considered suitable by traditional manufacturing companies.

Strutt & Parker forecast that as business parks become more common, older properties will remain vacant for longer, forcing the property market to adapt to the new criteria.

Pygmies

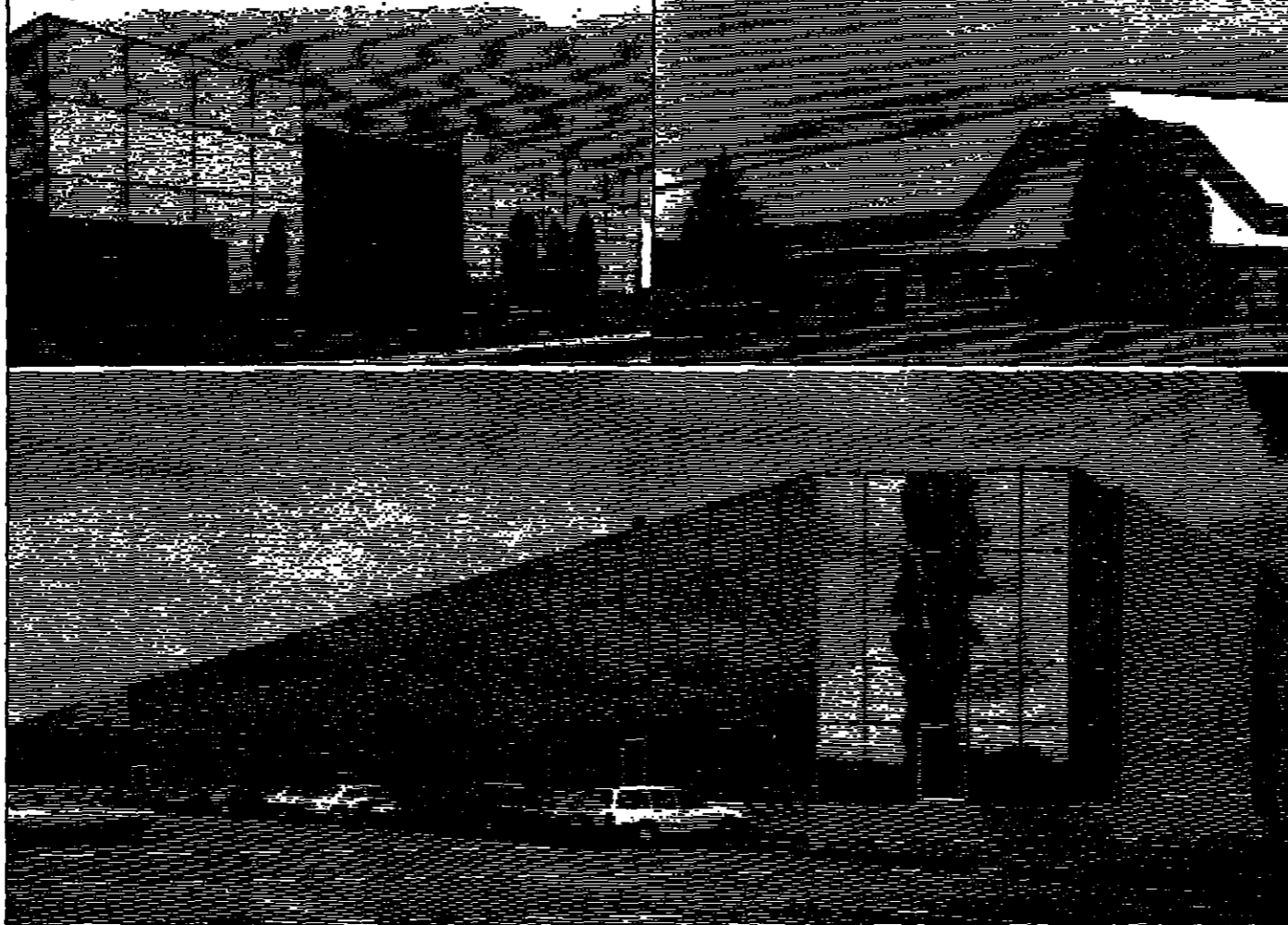
Occupiers will have to pay more for the combination of high-value location, low site cover and higher building cost. "As long as the occupier can obtain the premises he needs in the right location, price is very much a subsidiary consideration," Strutt & Parker say.

The agents are going for large-scale projects in the UK. Mr James Donald, who acts for Arlington Securities on the Globe Park (Marlow), Solent and Newbury business parks, says: "We would much prefer to be on sites of 75 acres or over. That is where the big occupiers will want to be."

Arlington and Strutt & Parker are dealing with about 290 acres, seeking consent for another 300 and still trying to buy new sites. Solent Park between Portsmouth and Southampton could involve 2m sq ft of offices, research and light industrial space on its first 120-acre phase.

"Even at that we are pygmies by comparison with Irvine," says Mr Donald.

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William Cochrane on the lessons of a new generation of US development

KLAUS KRAMER: ROLM CORP.

Leisure and landscapes

IN AN Orange County business park the emphasis is on park rather than business, says Mr James Donald, agent, Strutt & Parker, about the California development. "The landscaping is more important than the building. If you get the first right, the second will look good."

Further north in Silicon Valley, Mr Klaus Kramer of the Rolm Corporation says much the same in specific terms. "If you ask people what they saw at Rolm in Santa Clara, they probably would not remember. It fades into the landscaping."

Mr Kramer, director of corporate construction, real estate and facilities planning at Rolm, a leading US supplier of business communications systems and a subsidiary of IBM.

His company occupies 1m sq ft in Santa Clara County, in which the bulk of Silicon Valley is located. It has other manufacturing and product development locations at the San Jose end of the valley (450,000 sq ft), Colorado Springs (200,000 sq ft) and Austin in Texas (100,000 sq ft of leased space).

Rolm's main plant in Santa Clara is 800,000 sq ft on a 34-acre site at Old Irwin Drive. Some 15 per cent of the space is devoted to manufacturing, 60 per cent to engineering, R & D, and the remainder to administration, marketing and support functions.

The company has about 8,000 sq ft of recreational space, including a swimming pool, racquetball, tennis and table tennis facilities.

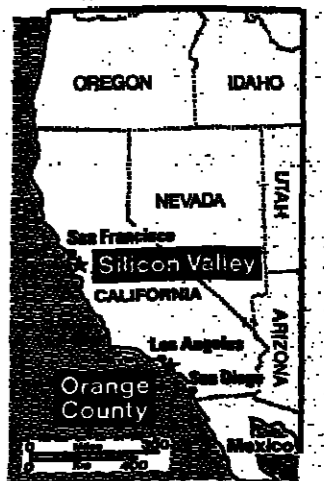
Rolm has a name for looking after its employees.

Mr Kramer sees this as enlightened self-interest in an area which is turning more from the assembly function to engineering, from the blue collar to the white coat.

"If you are a good engineer you can work anywhere," he says. "What do you want, 50 cents more an hour or a good environment? Very few people look for that extra 50 cents."

Rolm is moving its management philosophy across the Atlantic. Mr Kramer says that the company has between 40 and 50 British engineers working at Santa Clara. They came out with their families to be trained as the nucleus of the company's European headquarters, which will be based at Woodhouse, Swindon.

His approach does not simply spring from the all-year growing season in California, which makes landscaping and planting so rewarding. At Colorado Springs, where the growing



season is much shorter, he had to find something which blended into the background—a complement to the landscape.

His introduction to the UK "industrial architect" came in a shock. One gets the impression that someone thought they saw him coming as a benefactor of all that is trendy.

Tasteful, thinks Mr Kramer. "In England you have 'house architecture'. If there is steel in the building why not show it, hang the steel outside..."

This was not for Mr Kramer. "I was not comfortable with the UK architects with their metal, glass and plastic presentations."

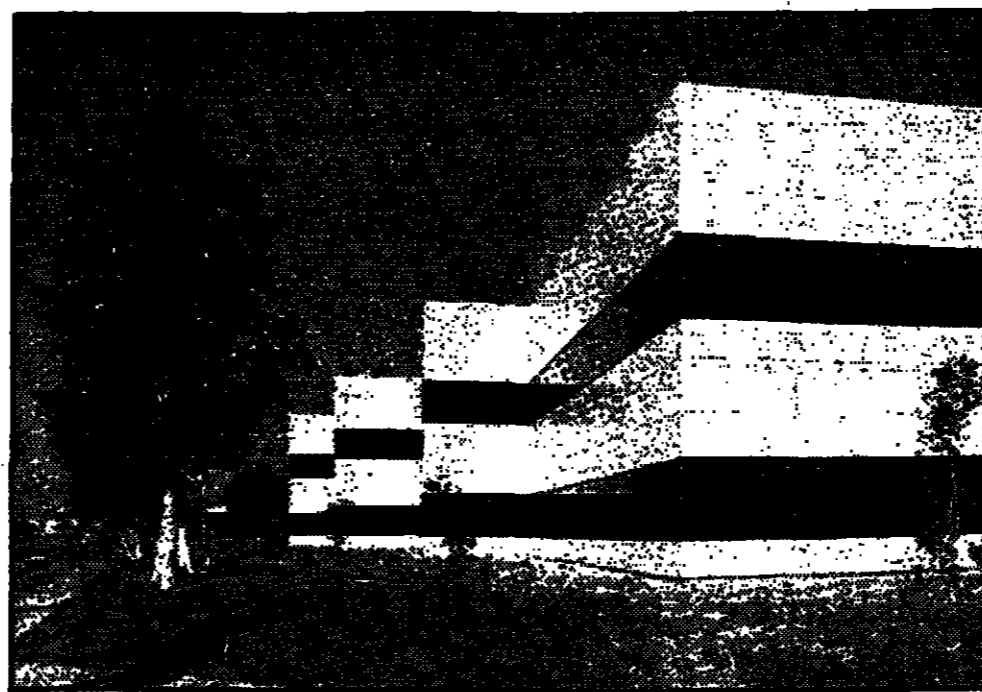
He went on to view the Lloyd's building in the City of London with a mixture of awe and disbelief.

Britain's face was saved when he went to the Royal Institute of British Architects and saw what Arup had done with the CEBG building at Bristol.

"Before that we came very close to bringing in an architect from the USA," he says. The Swindon scheme will not have recreational facilities to rival those of Santa Clara but Mr Kramer will make a start with a football field and changing rooms. He expects that the scope and size of his recreational facilities will grow with the development and that other companies will have to do the same in the UK if they want to attract top-quality staff.

Swindon will be a European headquarters combining engineering, R & D and assembly and will begin operations with 150,000 sq ft in the spring of 1988. Rolm has room for 400,000 sq ft on the site which it bought from Bradleys and an option on another piece of land.

Mr Kramer would have liked to go to Bath but Swindon was the only place where Rolm could lease 25,000 sq ft for a temporary start-up facility.



Offices or industry? Arlington Securities scheme with NEXUS Developments in Irvine, California, blurs the boundaries with 82,000 sq ft suitable for offices, engineering or research

SILICON VALLEY

Moving out to expand

SANTA CLARA County, California, home of Silicon Valley—and "high-tech" as the UK market is beginning to understand it—is a little depressed, with overproduction in semi-conductors and some expensive soul-searching in the personal computer business.

But observers on both sides of the Atlantic say this is only a temporary lull in an area where the quality of location and living standards are bound to attract the highly paid engineers which modern industry needs.

Mr Michael Bellegarde, of King & Co says that there are now 4,000 high tech companies in Silicon Valley occupying 120m sq ft. This has created its own problems, like the generation of enormous traffic and increases in housing costs, land and rents.

He says that average land prices five years ago were equivalent to \$3 a sq ft. Now they peak at \$45—roughly a 100 per cent a year increase," he calculates. Rents are typically \$20 to \$25 per sq ft.

Because of this some companies are retaining research and development headquarters in the valley, but tending to

move most of the manufacturing into cheaper sunbelt areas. One criterion for the distance of the move is one-to-two hours flying time from headquarters.

Some manufacturing is going abroad to places like Puerto Rico," says Mr Bellegarde. He used a Wiltron unit near San Jose to illustrate the influence of the occupier.

Wiltron is a specialist in microwave technology, which moved to San Jose for cheaper housing and building land, and easier commuting. It also decided to do its own development.

It built 75,000 sq ft for its own use and has another 75,000 sq ft unit under construction as a speculative development.

The buildings are of typical "tilt-up" construction (cast on the ground and tilted to the vertical) with hinner and outer skins.

"The two skins are for shade," Mr Bellegarde says. "The expense is in cooling buildings, not heating them."

"They lift air conditioning and ducting on to the roof by helicopter. It is cheaper than using cranes." He puts building costs a \$20 a sq ft for tilt-up single storey buildings of good

quality and \$30 to \$32 a foot for two-storey equivalents.

There is 15 ft of gross headroom between floors: 10 ft clear headroom, 3 ft for air conditioning, etc and two feet for floor construction above.

Air conditioning is partly to do with the climate and partly because the space tends to be far deeper than in the UK.

"We go to between 25 and 30 ft from the windows," Mr Bellegarde says. "They will have 50 ft in a building 100ft square."

The 10 ft clear headroom is for the same reason, he says. "In deep space, the nine feet we see in the UK would be oppressive."

Office, R and D and factory space is all of the same specification and the main reason for the buildings are interchangeable. This is a flexibility needed in the UK, he says.

"As business develops you should have the flexibility to take on of these constituents and put to another building and leave the other two to extend and occupy the original space," Mr Bellegarde says. "In the UK this is as much a planning problem as one of construction."

TONY THOMSON: HEWLETT PACKARD

Transatlantic gulf in building techniques

AMERICANS NEED educating in their attitude to UK construction, says Mr Tony Thomson, property director of Hewlett Packard in Britain.

"The construction team, including the architect, is as good as the client allows them to be. The Americans worry about consultants' fees aggregating to 12½ to 15 per cent of building costs," he says.

But much of US property building is repetitive, particularly where design teams and construction managers are involved. Costs will not be so high for the second or third repeat.

"They also do not understand the services provided for the UK fee base," he says. One big difference is the amount of work done at consultant design level in the UK which is handled by contractors in the US. Other services, like supervision on site, are also handled differently."

Mr Thomson started his working life with a degree in physics, and research into integrated circuits for Joseph Lucas, the motor parts manufacturer. He joined HP as a systems analyst 13 years ago and became manager of computer services and office manager.

After handling an office move he became property manager, responsible for the design and construction of buildings in the UK, the acquisition of land and leasehold premises, property management and disposal.

Hewlett Packard is building 2m to 4m sq ft a year worldwide, he says. It has a global total of 25m sq ft, some 1.5m sq ft in the UK.

"Over five to 10 years I would expect to add an average of 100,000 sq ft a year in the UK," Mr Thomson says. "Having added nearly 500,000 sq ft in the last year or so, I would not expect to put on much more space in the next couple of years."

He receives guidelines from the US—"the kind of buildings, the shape, and height specifications in broad terms." Leasing details are more difficult.

"The US cannot believe that three-to-five year leases with options are not available here," he says. "To them 25 years is a lifetime."

It happens that HP will have been in the UK 25 years next year. The company's main UK locations are in the Bracknell area near the M4 in Berkshire, South Queensferry in Lothian

near Edinburgh, Bristol, and Stockport, near Manchester.

"Bracknell has the pedigree," says Mr Thomson. "In a 10-mile cluster around Wokingham we have four active buildings and two more due to be completed in six months to a year, both leasehold, bringing the total to six and combined space to 550,000 sq ft."

Yet Mr Thomson gets more excited about the company's northern headquarters at Heathside Park, Stockport. "It is superb," he says. "It breaks all the traditions of what people think high-tech is about."

It is built of brick and granite—none of that painted metalwork stuck all around the outside," he says. "The era of multi-coloured sheds called high-tech is over."

Standard warehouse shells are inadequate if already built, he says. This applies to floor tolerances and to structure. "They do not put enough beef into it to allow you to hang anything on the structure."

The portal frame, so often associated with standard warehouse shells, is also not well suited to integrating mezzanine floors to create a two-storey structure. "It can be designed for that but it amounts to one frame inside another," he says.

The almost classical 10 per cent office content stuck in front of the building often involves "two-stories, low ceiling heights, poor specification, one lavatory and a cold tap," Mr Thomson says derisively.

His technique has developed with time. HP leased a 100,000 sq ft shed in the Wincoburn Triangle near Reading in 1981 at £3.43 a square foot. "We managed to influence the design in the early days, but the building, which cost £2m to build, cost us £3m to fit out."

"At £80 a sq ft it's quite an expensive exercise," he says.

What Mr Thomson would like to see is a shell—"but a different shell, better suited to what we want to do," he says. "That could cost £2m to outfit instead of £3m."

London and Edinburgh's Waterside Park at Bracknell is close to meeting that idea. "A complete shell with the ground floor open, offices on the first floor, it allows the occupier to do exactly what it was inside the building," Mr Thomson says.



The Business Enterprise Park, designed by architects Newman Levinson & Partners as an integrated, first-phase development of three high technology industrial units in London Docklands Enterprise Zone. The buildings are set in landscaped pedestrian and car park areas and designed for maximum user flexibility. Ground floor areas range from 16,000 to 7,500 sq ft and can incorporate a 1st floor mezzanine and an additional service core.

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"So don't mention them, Jenkins. Just get your pencil and paper ready and I'll begin..."

The CNT's industrial property information service—for those who prefer to ask before they shoot.

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Industrial Property 3

William Cochrane follows some new paths to development and funding while Mira Bar-Hillel explores the planning byways

Owner-occupiers build new market tier

FOLLOWERS OF the industrial market sometimes complain that too much is being made of "high-tech," or the hybrid industrial/office/research and development building. They feel that a potential shortage in standard warehouse buildings is being overlooked.

However, warehouse occupiers themselves are becoming more discerning about the shape and location of buildings. There are times when existing buildings on the market will just not do, and when apparently attractive locations do not make sense in financial or operational terms.

Mattel, the US toy manufacturer, found this when it came to centralising its UK warehousing, operations, finance, sales, administration, marketing and a showroom, in one location.

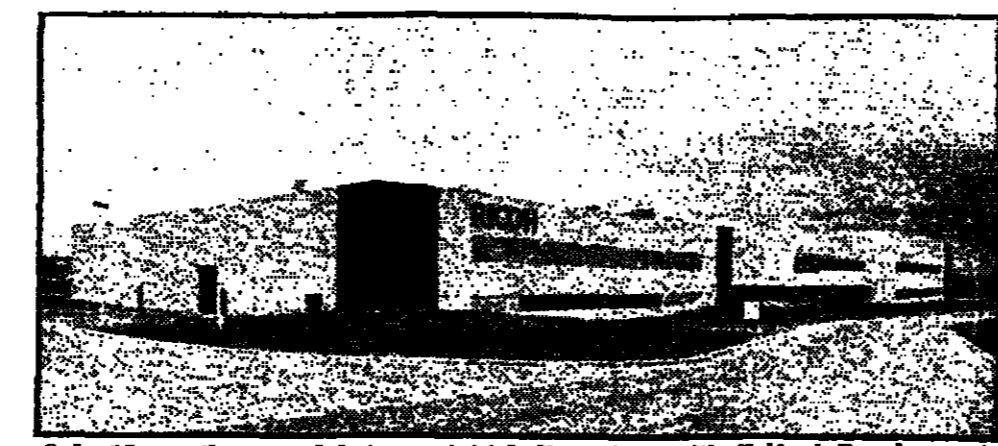
"We looked first at buying an ex-Fisher Price building in Northampton," says Mr John Coulter, managing director of Mattel UK. "It did not measure up, partly because of price and partly because of specification."

Mattel deals in relatively lightweight cartons, and had seen that new storage technology would allow it to stack these cartons 40 ft high, with savings in racking and property costs. "The building was only 20-odd ft high," Mr Coulter says.

Agents Richard Ellis were given a brief to find a solution. They started with a look at the M4 area but Mr Hugh Ellingham of RE's financial services division says the Western Corridor was too expensive for what was largely distribution space. They also decided it was in the wrong area for central UK distribution.

The team settled on the A. H. Wilson Group's Meridian Park, flanking the M1 near Leicester. Location was the first attraction; the greenfield site was the second. Mattel did not want to site itself where redevelopment of existing building was even a medium-term prospect.

Meridian was still in its first phase of 72 acres, but Ellis and Mattel persuaded the developers to open up some second-phase land to give it a site visible from the motorway. Mattel is not looking for casual visitors but it will have its name on the buildings as prominently as possible, so people can see it as



Only 15 months passed between initial discussions with Telford Development Corporation and the completion of the 97,000 sq ft Ricoh factory, warehouse and office complex under a management contract by Wimpey

they drive past. In conventional terms the building measures 96,000 sq ft on seven acres, the warehouse accounting for 80,000 sq ft. The warehouse element is split into 60 per cent racking and 40 per cent "breaking down"—assembly and loading space—but it could all be used for racking if necessary. The floor tolerances have been devised accordingly.

This is what makes the building work as an operational and financial investment. The warehouse is 40 ft high, giving Mattel a 3.2m cu ft content which it can exploit with modern racking systems and fork-lift trucks.

Mr Ellingham says that if Mattel had gone for institutional funding it would have been restricted to 20 ft eaves or not much higher. The racking systems would have cost, if not twice, at least 1½ times as much.

He thinks that the team would have been looking at double figure funding yields and that any leasehold deal would have had a lot of restrictive clauses. Instead, the deal chosen for the \$3.9m building takes in a seven-year Bank of America loan with no repayment of capital in the first three years of the loan and the option for Mattel to buy out the loan early.

Institutions worry about a specialised building and their ability to re-let if the occupier moves on. Mr Ellingham can think of a lot of tenants—breakfast cereal manufacturers for example—who would have the manageable and relatively light loads to use a 40 ft racking system.

There is a problem in valuation for owners as development moves north because rents fall so low that valuation does not come up to the cost of the building. For some this does not

matter because property is a small element in overall costs. For Mattel it does because it is leasing most of the equipment inside the building and property accounts for more than 80 per cent of its total capital spend.

Ellis have done their sums on the Mattel building, however. Adjusting for its high storage capacity per sq ft—due to its height—the building comes out with costs lower than conventional construction and rents lower than a conventional warehouse.

So Mr Ellingham sees no problem with valuation. He also thinks that there could be a two-tier market in some types of industrial property in future, with owner-occupiers prepared to pay higher prices than institutional investors for the right building.

W. C.

Planning progress a fringe benefit

EASING of planning restrictions can often come about as a fringe benefit of other changes. A good example was the phasing out of industrial building allowances outside enterprise zones.

This economic decision by the Chancellor ended at a stroke the long and complicated argument about how high the proportion of offices could be in an industrial building before allowances were lost.

The market reacted immediately and sensibly. Instead of worrying about tax advantages, developers began to build more in line with user demand, and the proportion of offices has been rising steadily. As a result, a three-tier market for modern industrial building has emerged, according to Mr Richard Story of Richard Ellis.

In addition to traditional industrial/warehouse space with limited office use, and the full-blown high-tech building designed to allow interchange-

ability of functions Richard Ellis has defined a third category dubbed mid-tech. This is modern industrial/warehouse with an office content of 20 to 40 per cent.

On the new-build side, the market has a chance of determining the end product. But the picture is more complicated for rehabilitation and conversion, when local planners can invoke the Use Class Order to control how space is used. These attitudes conflict not only with the successful experience of enterprise zones, where a degree of freedom from planning control has not resulted in a disaster, but also with the Government's intention of relaxing the system to combat unemployment.

The extension of enterprise zone planning principles to the whole of Britain—not least inner urban areas—is forcefully put forward by industrial agent Mr Tony Grant, who is heavily

involved in development on the Isle of Dogs and elsewhere in London Docklands.

"Planners now regard themselves as having a primary duty to promote economic activity and employment while protecting amenity," Mr Grant says. "These aims are best served by regarding business as a single use and minimising restrictions."

"The Use Classes Order is hopelessly out of date. The old divisions into traditional functions and processes are not relevant any longer. There is a case for a total ban on limiting the use and occupation of new premises through planning conditions."

Mr Grant suggests a new single category of business property to incorporate retail, offices, industrial, research, laboratory and warehousing, with no restriction on changes within these uses, nor control on identity of occupier and hours of working within areas designated for business use.

On the other hand, planners should get tough in non-business areas, protecting amenity and regulating the size of vehicles and the hours they may travel, he says.

Planners can, however, try too hard to create employment, with insufficient consideration for other basic requirements. For instance, in most of the Home Counties there is sufficient good housing and good transport to sustain high-tech industries.

"But to encourage high-technology development in heavily built-up London locations is bordering on the ridiculous," Mr Grant says. "A message of quality environment and good living conditions must get through to planners, funds and developers."

One message that has got through is that retail warehousing now employs as many, if not more than the equivalent traditional industrial building.

M. B.H.

The flexible friends

THE institutional attitude to industrial property development is frequently perceived to be hidebound and negative north of the mythical Watford line. South of the line, they are typically into direct development and development partnerships, but still seem to be imposing old-fashioned terms upon occupiers.

This is not entirely true. "Some pension funds are going with developers on a very entrepreneurial basis," says Mr James Adam, a director of the Woolgate property finance team which recently spun off from Chase Manhattan Bank. "The developer these days wants a flexible financing route."

Nevertheless, many developers have turned to banks, frequently foreign ones, as an alternative financing medium. What they should realise is that the banks have their own rules for lending and that the flexibility they offer is less inherent than relative to the institutional package.

Mr Patrick Scott, who heads Woolgate, spells out the banks' criteria for funding industrial development. Their construction loans may cover all costs—land, building, finance, professional fees and so on—or only part of them. "It comes back, partly, to the cost of the land," he says. In other words, if the land component is too high, the developer may have to go elsewhere for part of his funding.

They will want "equity" in the project, but here the term is broadly defined and related to the borrower putting his own equity in—in cash on top of the loan or in the covenant from a strong borrower. "The level reduces according to risk," Mr Scott says. "For

example we would reduce the equity requirement if the development is all, or partly pre-let."

Our principal concern is not the level of rent but that the property is going to be let at all. There will always be demand for key locations, probably close to major road communications. There are others tucked around the back, not so visible, where rents and charges are still justified as prime and nearly the same prices are charged. They are less likely to rent."

Mr Scott's lending timescale falls naturally within 2½ to three years: 18 months for the construction period, six months to lease the building and another six months for disposal as an investment.

On determining the amount to be lent, the bank will start with building costs—£25 a sq ft for standard industrial property, £40 a foot for high tech—and add items like interest costs and fees to get total costs, with the exception of land and development profit.

It will work out prospective rent and yield and come to an investment value. The land value is a residual of these two calculations.

"The developer may have paid for the land already but what we are prepared to advance is what is prudent to lend on this basis," Mr Scott says. "Typically we lend 75 per cent of value to the best developer with the best location."

The best because, he says, if a project does not let within six months, it may not let for a long time.

Mr Scott, like other observers, has noted the phenomenon of land prices determining required rents, and hence the

form of development. "I suspect that some high tech schemes should not be funded at all," he says.

The bank may not be averse to taking its own equity participation in a scheme. This can be related to the profit on a project or, depending on tax considerations, taken in the form of an enhanced yield. The developer may need top-up money if the primary construction loan does not cover requirements. He would probably ask for, say, 12½ per cent of ultimate investment value from banks and institutions which have a greater appetite for risk.

These lenders would frequently take other security, perhaps in the form of a second charge against other assets. A number of these investors will also take equity participation in their own right.

There has to be a difference in all of these transactions between standard lending rates and the overall yield to the lender.

"Major property companies can borrow at well under 1 per cent over the cost of funds," Mr Scott says. "Most banks want a higher return than that on property lending, something in excess of 2 per cent over."

There is frequently more than one bank in any given loan situation, with different levels of risk and expected return," he says.

Bringing the argument back full circle to flexibility, in this case that of the developer, he concludes: "The developer frequently goes the bank route for this reason—for instance, the option to sell to an owner-occupier."

W. C.

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SLOUGH ESTATES

Industrial Property 4

Mira Bar-Hillel on the need for more efficient premises and good locations

Two directions to better buildings

Indicative Costs of 20,000 sq ft Buildings

	Industrial/ warehouse building with 15% office space	High Technology Building		Total cost
		Extra costs in shell	Fitting out costs	
	£		£	£
Substructure structural frame and upper floors	135,000	Higher proportion of building multi-storied: wider spans; heavier loadings	95,000	230,000
Roofing	45,000	Roof profiled to accommodate and conceal mechanical plant (present and future)	30,000	75,000
External walls and windows	125,000	Higher quality: adaptable for future alterations: increased storey heights	75,000	200,000
Internal walls, doors, finishes and fittings	110,000		Raised floors: finishes to " offices standard"; carpeting and suspended ceilings	105,000 215,000
Heating, ventilation, water and sanitary services	75,000 (Note 1)		Radiator or convector heating to " offices standard " throughout	140,000 215,000
Electrical services	55,000 (Note 1)		High lighting level with provision in fittings for air handling units; floor trunking and service outlets; abundant provision of power supplies	30,000 85,000
	£545,000		£200,000	£275,000 £1,020,000
per sq ft (m ²)	£27.25 (£293)		£10.00 (£108)	£13.75 (£148) £51.00 (£549)

Notes: 1. The quoted costs provide for installations throughout. If the services within the 85 per cent production/warehouse space be left in carcasses for a tenant to complete, the heating costs to the landlord would be reduced to £40,000, the electrical to £35,000 and the total to £265,000 (£24.50 sq ft (£294 sq m)).
2. Drainage and other works beyond the building perimeter are excluded.

Source: E. C. Harris and Partners

INVESTMENT in upgrading, improvement and even replacement of much of Britain's industrial stock is not only a national economic imperative but a sound business decision according to the Industrial Buildings Bureau.

For instance, Vickers Defence Systems moved from a site with 19 separate buildings in Newcastle to a specially designed single building two miles away. Apart from the materials handling cost saving and time-and-motion productivity, heating bills dropped from £1m a year to less than £100,000. It was also able to negotiate 100 different trade wage rates down to only four basic rates.

Chloride Technical of Manchester was satisfied in a variety of offices and workshops. A new industrial building with offices on two floors at one end and double-height workshop space at the other brought the operation under one roof.

A screen-based furniture system with no fixed partitions has noticeably improved management relations with staff, while the building's external appearance, which borders onto a housing area where many staff live, has been considerably improved.

Alcan Plate of Birmingham was able to make substantial savings in time and cost without moving or demolishing premises. Connecting three buildings on a large site and the construction of a new connecting building provided all the advantages without the disruption of relocation.

Similar in-situ improvements were carried out by agricultural machinery manufacturers A. C. Bamlett of Thirsk, International Paints of Gateshead, Redland Antennas of Winchester and British Gas at Cranlington.

The IBB was set up two years ago, the offspring of a National Economic Development Organisation report, Construction for Industrial Recovery. It has from the start taken the sober view that unless benefits to the investor can be identified and quantified, the message will at

best go unimplemented and at worst unheard.

Sir Monty Finlinton, IBB president, says buildings and their allied and surrounding facilities can be either a powerful asset or a dismal liability to the industrialist.

"The modern factory has to accommodate machinery of high performance which works to very narrow tolerances. It has to engage in a variety of mechanical and electronic services, and there must be a free flow of materials from point of entry to point of departure.

"At the same time, the modern factory building also has to accommodate human beings who also nowadays expect services and standards at higher levels than ever before. The building must be energy-conscious and employee-conscious."

The IBB says main short-

comings of older industrial buildings are: inefficient heating; inadequate insulation; leaking roofs; dangerous floors; poor lighting; substandard ventilation; cramped conditions; restricted lay-out; unsatisfactory handling facilities.

Some improvements are more easily quantifiable in terms of benefit and all can only be conclusively proven retrospectively, so the psychological barrier or the incentive to delay investment is always there. However, the IBB can point to roof and wall insulation programmes with a two-year payback period.

More generally, better industrial relations and fewer days off with backache or eye strain due to bad lighting should be taken into account.

The IBB should be commended for sticking to quality and not jargon. Although it mentions the needs of high technology industries, it does not

refer to high technology buildings: on the contrary, it demonstrates how existing structures can be adapted to new uses.

Building economists and cost consultants E. C. Harris have produced a guide, showing how it is that the high technology building can end up costing almost twice as much per sq ft as its traditional counterpart with its 15 per cent office space.

The extras are mainly to pay for higher quality in everything from load-bearing spans so uses of space can be switched around in future, to walls and roofs profiled to accommodate and conceal present and future plant. Office standard equipment, from heating convectors to better lighting and more carpets also add to costs.

Little is said about the external appearance of the buildings, the heyday of the brightly coloured, corrugated metal shed with rounded edges and Lego-style doors and windows is a thing of the past.

Chartered surveyors Healey & Baker find that "high-tech users, while innovative in their manufacturing processes, are

surprisingly often seeking more traditional forms of construction for their buildings, with brick and pitched roof elevational treatment" which they think perhaps reflects more closely the property aspirations of employees.

This withdrawal from architectural carte-blanc may parallel what has happened on the residential front. "In many cases there is resistance to the more modern forms of construction such as glass and aluminium panelling—even though these offer greater opportunities for expansion flexibility," Healey & Baker say.

The idea that successful industrial buildings of the future will be modelled increasingly on fashionable housing ideas is broadened by E. C. Harris to cover entire estates, or parks.

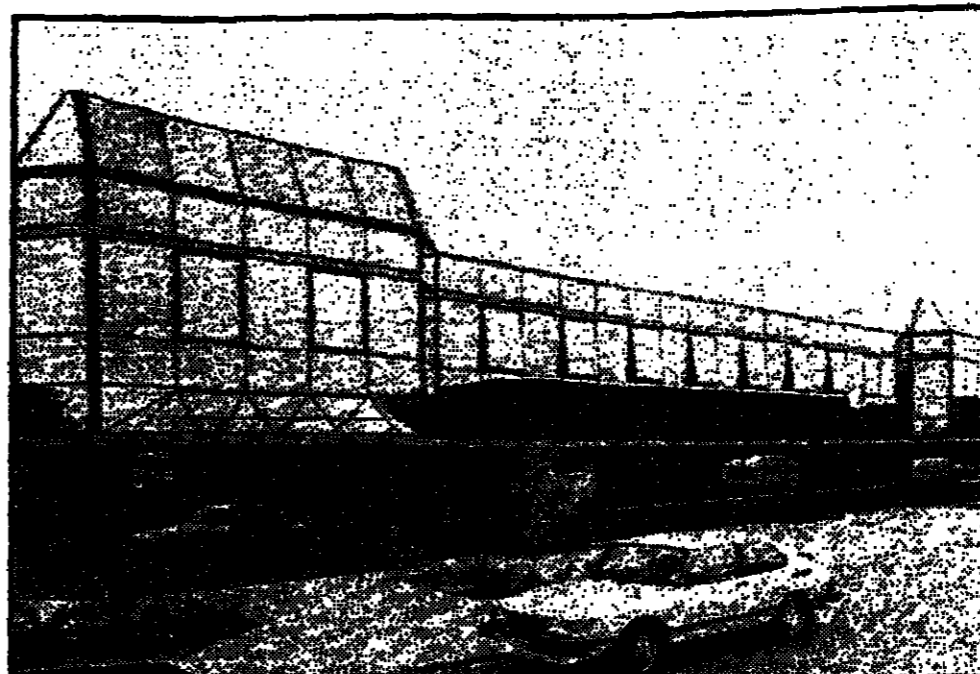
"The image created by the buildings should reflect the high quality of the company's products. Externally, there will be no distinction between the front and back elevations. The buildings should be placed in a pleasant landscaped setting into which staff will wish to retreat in their lunch breaks," the consultants say.

"Many of the new business and executive parks incorporate an artificial lake which can sometimes have a functional as well as a decorative purpose. E. C. Harris have noted landscaping costs escalating to as much as 2 per cent of the total. If topsoil has to be imported, this may rise to 4 per cent.

Car parking is another price to be paid for employees who invariably drive to work (especially when work is conveniently located near a motorway or major dual carriageway route). In some cases costly two-storey car parks have to be considered if land is scarce.

The IBB and E. C. Harris offer two solutions to a problem. The former is minimalist, suitable especially for struggling companies with captive—if restive—workforces, which can do much better if they invest carefully.

The latter is an attempt to cope with the need to attract, capture and keep highly-qualified staff by providing high standards in competition with other companies.



The HQ3 development at Kingston: an example of the "mid-tech" category of buildings—a term coined to cover the traditional structure with 25 to 40 per cent offices up to prime standards

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BY THE end of the decade more than half of Britain's workforce will be employed in non-manual jobs. Traditional industries will have shed some 520,000 workers, in addition to the 1.3m job losses of the past decade.

On the other hand the construction industry is expected to grow by 170,000 jobs, the professions by 80,000 and an estimated 230,000 additional jobs will be provided in central and local government and the Health Service.

On the industrial side, job creation is expected to amount to some 170,000 in the fields of bio-technology, cable TV, cellular radios, aerospace and electronics.

These calculations by the Warwick University Institute for Employment Research look like bad news for the future of industrial property, with a net loss of some 350,000 workers. But the impact is likely to be more subtle than the simple abandonment of the old for the new.

While high-technology may dominate and even distort markets in some areas it will also lead the way towards provision of better accommodation, both new and refurbished, for traditional manufacturing in many other areas.

One of the lessons being learnt by high-technology companies is the vital need to be near main trunk routes or motorways.

The motorway exercising most influence on property is the M25, in addition to raising land and building values for up to 10 miles either side of its 120-mile length, London's orbital route is spreading the well-established benefits of the M4 all the way to the M1 and beyond.

Surveyors Healey and Baker found strong demand for warehouse of 100,000 sq ft plus along the M1 as far north as Northampton because of the link via the M25 with places like Heathrow, the western corridor and Gatwick.

When the M25 is extended to

link M1 and M11, benefits may spread eastwards and north-east, Cambridge, which H and B found to have been finally accepted by the high-tech market, will become fully competitive and interest may spread into East Anglia.

This could help relieve pressure on prices in certain areas. The initial reaction to £1m an acre being paid for land near the M4 to build high office content industrial units may have been of satisfaction. But it is rapidly turning into frustration.

"A problem is being created for industrialists," says Mr Neil Higson, industrial partner at surveyors Herring, Son and Daw. "High land values are beginning to be paid not only for time land which is appropriate for high technology developments, but for traditional industrial sites and backstreet locations which are not suitable."

The consequences are potential failure of the poorly-placed high-tech scheme, and a shortage of traditional industrial development with the reluctance of institutions to fund such schemes on high-priced sites.

Quality industrial accommodation with some individuality is needed. But Mr Higson says it will not be developed immediately.

"Either some realism comes into the market—and this may only arise when some developers get their fingers burnt—or industrial rents begin to rise, raising property values in the south-east by at least 25 per cent."

The finger-burning warning is echoed by surveyors Jones Lang Wootton and Healey and Baker. The latter are already telling high-tech developers that they must have not only a location near a motorway but literally a main road frontage, to give the high visibility essential for success.

With land prices what they are, small mistakes can have severe financial consequences. New industrial growth will

mainly take place away from areas where the old industries thrived, because the requirements will be for the pleasant surroundings and good housing.

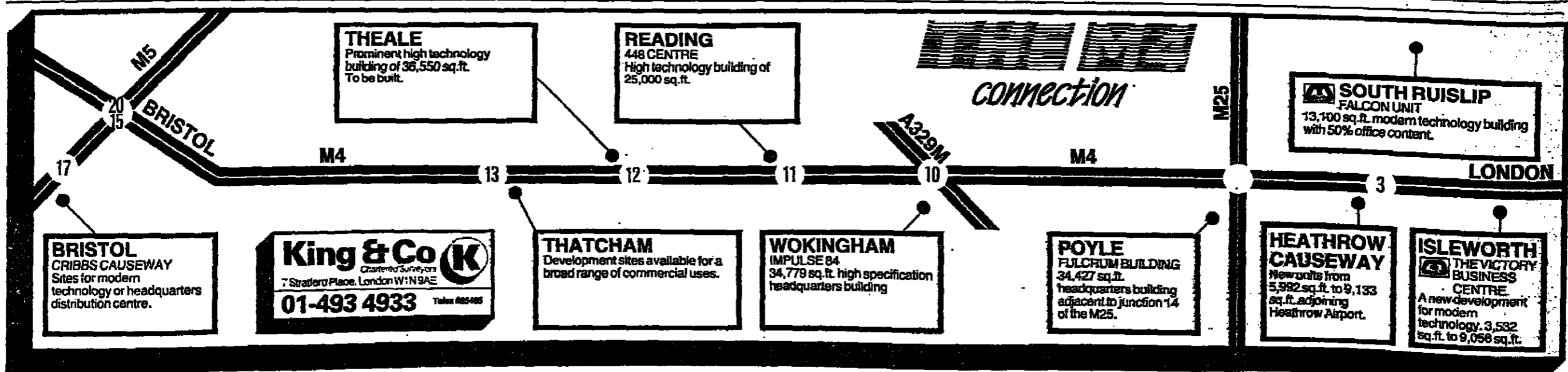
The challenge for speculative developers is to anticipate the trend and provide the right kind of accommodation in the right locations just ahead of demand. Big institutions holding property investments should, according to Healey and Baker, "go through their portfolios carefully and weed out existing industrial/warehouse investments in declining areas."

This does not mean the writing-off of large chunks of Britain for good, although there does seem to be a prospect of long-term deterioration hanging over the oldest and blackest of obsolete factory complexes.

Healey and Baker say some major funds are interested in buying large industrial estates which are 10 or 15 years old—on condition that they do produce some income—with an eye to future redevelopment. When the time comes, lower-density buildings with good landscaping and convenient surface car parking will be provided.

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15th November, 1985

INTL. COMPANIES AND FINANCE

ACM and Amax unit set to merge

By Kenneth Marston,
Mining Editor, in London

A NEW Australian mining company with a market capitalisation of A\$125m (US\$84m) and net current assets of A\$145m is to be formed by the proposed merger of Australian Consolidated Minerals (ACM) and Amax Resources. The latter holds 22.8 per cent of ACM and is itself 81 per cent owned by Amax, the US natural resources group.

ACM will take over Amax via an offer of one share for every three fully paid shares of Amax and 22 shares of ACM for every 100 partly paid shares of Amax. Current Amax options would be exchanged on a three-for-one basis for ACM 1988 options.

Completion of the merger, which is conditional on 90 per cent acceptance by Amax shareholders, would leave ACM as the continuing company with 23.2m shares in issue. They would be 84.8 per cent owned by the public and 45.2 per cent owned by Amax after cancellation of Amax's holding in ACM.

Following the exercise of outstanding options Amax could raise its holding in ACM to 49 per cent. Mr David Burt, managing director of ACM, said: "The two companies have several joint projects, and the merger would facilitate operations and combine the predominantly gold assets in ACM with the longer-term base metal assets in Amax."

"ACM is buying control of 15.2 per cent of our own shares, and a cash kitty of A\$7.5m and, more important, will enjoy a high involvement in one of Australia's biggest undeveloped zinc-silver-copper deposits." This refers to the Golden Grove venture, which is due to reach production in 1989.

Pancontinental Mining of Australia has linked with Deussa of West Germany in a AS\$1m (US\$1.02m) joint venture to explore for and develop platinum deposits in Australia and Papua New Guinea.

The joint venture, which aims to spend AS\$5m over the next three years, will be half owned by Pancontinental Mining, with 40 per cent, and its wholly owned German subsidiary, Pancontinental Mining (Europe), with 10 per cent. The remaining 50 per cent is held by Deussa.

GM to write off \$100m a year for 40 years in Hughes deal

BY TERRY DODSWORTH IN NEW YORK

GENERAL MOTORS, the US car group, would have shown a 3.4 per cent fall in reported net income for the first nine months of this year if the results had included Hughes Aircraft, under the accounting convention being used for the acquisition of the Californian aerospace company.

Although the figures were only meant for descriptive purposes, they indicated that GM would be charging off around \$100m a year over the next 40 years to account for the Hughes purchase. Mr John Edman, vice-president in GM's finance group, said the company believed that increased earnings from Hughes' high-technology activities in aerospace and electronics would easily compensate for these charges against earnings.

The decline over the first nine months, from \$2.75bn to \$2.68bn, would have resulted partly from a drop in net interest income caused by the use of some of GM's liquid funds on the acquisition. In addition, GM would recognise a higher amortisation charge to reflect the write-off of goodwill involved in the deal.

The detailed figures on the impact of the Hughes acquisition were revealed in solicitation material sent to GM's \$25.0m shareholders asking for approval for the issue of new stock.

The documents also showed a sharp 46.3 per cent decline in Hughes' earnings for the first nine months of this year, when net income amounted to \$11.8m against \$219.2m in the same period last year.

Hughes pointed out, however, that the dip in profitability had been caused mainly by non-recurring charges and that it expected earnings to improve again next year. The company indicated that separate provisions had been made

for cost overruns in both its Airframe missile development project and its satellite business while another charge had been made against the cost of improving quality in its Tucson missile facility, where the company has run into problems on military contracts.

Mr Edman said that, although the illustrative pro forma documents showed a decline in nine-month earnings, the Hughes deal was unlikely to have much actual effect on the group's profits this year because the agreement was not yet finalised.

In future years, however, GM's net income will be affected by the write-off of \$4.2bn of goodwill and other intangible assets involved in the \$5.1bn acquisition. Some \$3.6bn of this will be assigned to patents and written off over a period of 14 years while most of the rest will be amortised over 40 years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 14.

US DOLLAR	Issued	Bid	Offer	Change on day	Yield
STRAIGHTS					
Amstar 10% 85	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 86	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 87	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 88	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 89	100	98 1/2	99 1/2	-0 1/2	10.55
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Amstar 10% 93	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 94	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 95	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 96	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 97	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 98	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 99	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 00	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 01	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 02	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 03	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 04	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 05	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 06	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 07	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 08	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 09	100	98 1/2	99 1/2	-0 1/2	10.55
Amstar 10% 10	100	98 1/2	99 1/2	-0 1/2	10.55
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INTL. COMPANIES & FINANCE

Hanson sets a precedent in the legal arena for US takeovers

BY TERRY DODSWORTH IN NEW YORK

AFTER EIGHT days of fierce litigation on one of the most bitter takeover battles seen for some time in the US, the New York investment banking community is waiting impatiently for an imminent court ruling which could have a profound effect on the way bid battles are conducted on Wall Street.

A decision is expected within the next few days on the action brought by Hanson Trust of the UK in its battle for control of SCM, the New York industrial group. Whichever way it goes, the judgment will almost certainly be appealed. But within a couple of weeks from now, the appeals court should have established some new parameters for a game that is never quite played by the Queensberry Rules in the US.

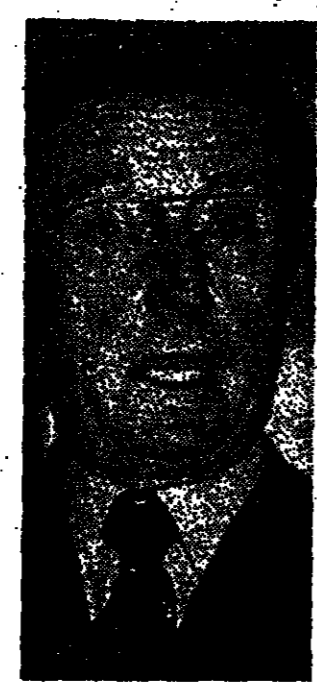
The issue before the court is whether SCM's board was justified in giving a "lock-up" option to Merrill Lynch, the New York securities company, which was bidding for SCM in co-operation with executives who would be involved in a proposed management buy-out of the company.

Lock-up options, familiar devices in US takeover battles, give a bidding company the right to acquire specified assets of the target at a pre-established price under certain conditions. They are essentially designed as an inducement to persuade the bidder to make the offer, and are generally exercisable if the bid is thwarted—in this case, for example, Merrill could exercise the option if someone else acquired one-third of the company.

In the past, lock-up options have not always succeeded in producing winning bids, but they have often proved difficult to challenge in the courts. Although shareholders have attacked them, on the grounds that they freeze out alternative offers, companies have frequently defended themselves successfully by invoking the "business judgment" rule. Bang in the middle of the New York hearings, however, a decision on a similar action in Delaware sent out a serious challenge to the business judgment rule. Commenting on a lock-up option granted by Revlon, the cosmetics group, to a buy-out group which would have included some of the company's management, the judge found that the board had breached its fiduciary duty to shareholders by agreeing to the

option and effectively ending the bidding process. A lock-up provision, the court held, "must advance or stimulate the bidding process, not retard it, and towards that end the interests of the shareholders are best served through encouraged competition."

A similar issue lies at the heart of the SCM-Hanson battle. On the one hand, the Hanson lawyers are arguing that the lock-up option is hampering the free play of market forces, and ought to be abrogated by the



Lord Hanson: in an intense courtroom struggle.

court. On the other, SCM contends that directors acted in the best interests of shareholders when it granted the option to Merrill.

At that time, Merrill's \$74 a share bid which followed a series of competing offers, was the best on the table, and there was no indication that the UK company would improve on its previous \$72 a share offer—it later bid \$76 a share.

The line of attack developed by the Hanson side can be summed up under two main headings. First, it has argued that the lock-up was "extreme defensive action" undermining

Hanson's own efforts to take over the company by selling off assets at a "price far below their fair value." If upheld, the option would "artificially end the bidding for control of SCM, thus depriving shareholders of the benefit of the highest offer—Hanson's."

Some of the most aggressive cross-questioning in court—and some of it was very aggressive indeed, dragging up previous Hanson tangles with the US legal system—arose out of the effort to establish a fair value for the two businesses which Merrill had been given the option to buy—SCM's pigments and consumer foods divisions. The importance of this issue to both sides was hammered home by the Revlon decision, where the court found that the asset option granted to the favoured purchaser was well below the lowest valuation made by the company's own investment banker.

In the SCM case, the Hanson lawyers have not had such a straightforward case, since Goldman Sachs, the investment bank advising the SCM board, gave an unambiguous opinion that the option prices granted to Merrill Lynch represented fair value. As a result, the Hanson side has had to try to show that Goldman, one of the most respected Wall Street institutions, erred in its arithmetic.

The other thrust of the attack was aimed at trying to show that the SCM directors failed to do their job, "rubber stamping" a deal in which management had a vital interest "without prudent investigation, deliberate consideration or open-minded examination of the alternatives."

Once again, the Revlon case was relevant, because in that instance the court had found that the board was at fault in keeping the prospective management buy-out team in the picture at all times, while excluding the hostile bidder. The Hanson lawyers argued that the final Merrill offer was similarly accepted by the SCM directors "without once approaching Hanson to see whether it would increase its offer."

The SCM defence against this challenge has been based on the business judgment rule—that "courts are ill-equipped and infrequently called on to evaluate

what are and must be essentially business judgments," as one ruling put it. This argument hinges on the contention that the final Merrill bid of \$74 a share was the best offer to shareholders at the time it was accepted and did not seem likely to be topped. Indeed, Goldman Sachs had contacted 40 potential buyers of the company without success.

Looked at from this point of view, SCM says, the asset option was a necessary concession to persuade Merrill to make a higher bid, and thus give increased value to shareholders, rather than a device to freeze out alternative offers.

Hanson was not contacted before the grant of the lock-up, SCM's lawyers say, for two reasons. Merrill might have dropped out of the bidding process if it felt it was being used as a "stalking horse" to make Hanson increase its offer; while Hanson had never shown any "desire or intention to negotiate a higher bid.... It raised its bids only in response to competition from Merrill."

On this latter point, there was a great deal of cut and thrust in court. Hanson's advisers insisted that it wanted to negotiate, but Lord Hanson himself, chairman of the UK group, agreed under cross-questioning that a letter suggesting a meeting, which was sent to SCM in the early stages of the hostile bidding process, did not signal the UK company's willingness to negotiate an acquisition higher than the original offer of \$60 a share.

While no-one is taking bets on the outcome of the Hanson case, the intensity of the courtroom struggle over SCM's future highlights the significance of the legal process in determining takeovers in the US.

In a system based upon a balance between Federal and state law, where there is no overriding authority such as the London Takeover Panel, the legitimacy of many of the strategic manoeuvres in takeover battles has to be decided by case law. It is a messy system, and one which undoubtedly scares off overseas companies, who may not want to be exposed to the undaunting glare of courtroom proceedings. On that score at least, Hanson is setting a precedent.

New Issue

This announcement appears as a matter of record only.

November 6, 1985

Thyssen Caribbean Finance N.V.
Curaçao, Netherlands Antilles

DM 250,000,000

6 7/8% Deutsche Mark Bearer Bonds of 1985/1995

guaranteed by

THYSSEN AKTIENGESellschaft

vorm. August Thyssen-Hütte

Duisburg, Federal Republic of Germany

Issue Price: 100 1/4% • Interest: 6 7/8% p.a., payable annually in arrears on November 1, 1995 at par
Denomination: DM 1,000 and DM 10,000 • Security: unconditional and irrevocable guarantee of Thyssen Aktiengesellschaft vorm. August Thyssen-Hütte, Duisburg, Federal Republic of Germany, Negative Pledge Clause • Listing: Düsseldorf and Frankfurt/Main

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AKTIENGESellschaft

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BankAmerica Capital Markets Group
Bank Brussel Lambert N.V.
Bank für Gemeinwirtschaft
Aktiengesellschaft
Bankers Trust GmbH
Banque Nationale de Paris
Barclays Merchant Bank Limited
Barings Brothers & Co., Limited
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Aktiengesellschaft
Bayerische Landesbank Girozentrale
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Berliner Bank Aktiengesellschaft
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Chase Bank AG
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Creditanstalt-Bankverein
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Dresdner Bank Aktiengesellschaft
DSB Bank Deutsche Siedlungs- und
Landesrentenbank
First Chicago Limited
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Genossenschaftliche Zentralbank AG
Vienna
Girozentrale und Bank
der österreichischen Sparkassen
Aktiengesellschaft
Goldman Sachs International Corp.
Hamburgische Landesbank
— Girozentrale —
Hessische Landesbank — Girozentrale —
Hilf Samuel & Co. Limited
Industriebank von Japan (Deutschland)
Aktiengesellschaft
Kreditbank International Group
Kowit Foreign Trading Contracting &
Investment Co. (S.A.K.)
Kuwait International Investment Co. s.a.k.
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Girozentrale
Sal. Oppenheim jr. & Cie.
Orion Royal Bank Limited
N.M. Rothschild & Sons Limited
Sanwa International Limited
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J. Henry Schroder Wagg & Co. Limited
Swiss Bank Corporation International
Limited
Swiss Volksbank
Trinkaus & Burkhart KGaA
Union Bank of Switzerland Securities
Limited
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Aktiengesellschaft
M.M. Warburg-Finckmann, Wirtz & Co.
Westdeutsche Genossenschafts-
Zentralbank eG
Westfälische Bank Aktiengesellschaft
Wood Gundy Inc.
Yamaichi International (Deutschland) GmbH

All these securities having been sold, this announcement appears as a matter of record only.

Sporthuis Centrum Recreatie N.V.

275,000 Bearer Exchangeable Depository Receipts
of Par Value Dfl. 2 each

Issue Price Dfl. 72.50

These Bearer Exchangeable Depository Receipts were placed with International investors by

Chase Manhattan Limited Rowe & Pitman

as part of an initial public offering of
1,600,000 Bearer Exchangeable Depository Receipts
on the Amsterdam Stock Exchange lead managed by
Amsterdam-Rotterdam Bank N.V.
and by
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

November 1985

This announcement appears as a matter of record only.

July 1985



CANADIAN CO-OPERATIVE
CREDIT SOCIETY LIMITED
LA SOCIÉTÉ COOPÉRATIVE DE
CRÉDIT COOPÉRATIF LIMITÉE

U.S.\$20,000,000
Term Loan Facility

arranged by

London & Continental Bankers Ltd.

provided by

Banque Fédérative du Crédit Mutuel

Crédit Agricole

DG BANK Deutsche Genossenschaftsbank

Österreichische Volksbanken - Aktiengesellschaft

Rabobank Curaçao NV

Agent Bank

London & Continental Bankers Ltd.

Bøndernes Bank AIS

CERA - Centrale Raiffeisenkas

Genossenschaftliche Zentralbank AG

OKOBANK Osuuspankki Keskuspankki Oy

Tenneco Corporation

(Incorporated in the State of Delaware, U.S.A.)

U.S. \$100,000,000

10% Guaranteed Notes Due 1989

and

U.S. \$100,000,000

11% Guaranteed Notes Due 1995

Payment of principal and interest unconditionally guaranteed by

Tenneco Inc.

(Incorporated in the State of Delaware, U.S.A.)

The following have agreed to purchase the 10% and 11% Notes:

MORGAN STANLEY INTERNATIONAL

MERRILL LYNCH CAPITAL MARKETS

ALGEMENE BANK NEDERLAND N.V. AMRO INTERNATIONAL BANQUE NATIONALE DE PARIS
COMMERZBANK CREDIT LYONNAIS CREDIT SUISSE FIRST BOSTON
DEUTSCHE BANK CAPITAL MARKETS DRESNER BANK GENERALE BANK
IBJ INTERNATIONAL MORGAN GRENFELL & CO. MORGAN GUARANTY LTD
NOMURA INTERNATIONAL ORION ROYAL BANK SALOMON BROTHERS INTERNATIONAL
SANWA INTERNATIONAL SWISS BANK CORPORATION INTERNATIONAL
UNION BANK OF SWITZERLAND (SECURITIES) S. G. WARBURG & CO. LTD.
YAMAICHI INTERNATIONAL (EUROPE)

Application has been made to the Council of The Stock Exchange for the 10% and 11% Notes, in the denominations of U.S. \$1,000 and U.S. \$10,000, with an issue price of 100 per cent. for the 10% Notes and 100 1/4 per cent. for the 11% Notes, to be admitted to the Official List. Interest on the 10% and 11% Notes accrues from November 15, 1985 payable annually in arrears on November 15, commencing on November 15, 1986.

Listing particulars relating to the Notes, Tenneco Corporation and Tenneco Inc. are available in the statistical services of Ezel Statistical Services Limited and copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including November 29, 1985 from:

Tenneco Europe Inc.,
Leconfield House,
Curzon Street,
London W1Y 6JR.

Company Announcements Office,
The Stock Exchange,
Throgmorton Street,
London EC2.
(until November 19, 1985 only)

The Chase Manhattan Bank, N.A.,
Woolgate House,
Coleman Street,
London EC2P 2HD.

Cazenove & Co.,
12, Tokenhouse Yard,
London EC2R 7AN.

November 15, 1985

Bank of Ireland ahead to £43m at halfway

BY HUGH CARMODY IN DUBLIN

The Bank of Ireland has reported pre-tax profits of £123m in the six months ending September 30 1985, up from £132.5m in the first half of 1984 mainly thanks to tougher cost control, improved revenue and a fall in bad debts.

Loan loss provisions were £27.3m in the first half compared with £19.1m in the six months to March 30 1985 and £13.1m in the first half last year.

Mr Mark Kelly, chief executive, said this represented a significant improvement but bad debts remained a major problem, reflecting general economic conditions. There was a high incidence of new bad debts and

the personal and small business sector had overtaken agriculture as the main area of loan default.

The parent bank showed an increase in pre-tax profits from £119.1m to £135.8m in the first six months. In the second half of 1984-85 to March 30 it made £129.9m. However, performance among bank subsidiaries deteriorated.

British Credit Trust, pre-tax profits slumped from £12.5m to £11.5m in the first half. The fall, attributed to tighter margins arising from higher funding costs and increased overheads.

A significant development in the half year was the Supreme

Court decision which enabled Bank of Ireland to complete the acquisition of more than 99 per cent of the investment shares of the Irish Civil Service Building Society. The Society will continue to trade as an independent Building Society with its own identity and branch network but with a close working relationship with the Bank of Ireland.

On November 5, the group issued £350m primary capital perpetual floating rate notes. The proceeds will be used to repay existing FRNs amounting to £350m. Such instruments are acceptable to the Central Bank of Ireland in part satisfaction of its 5.2 per cent equity requirement.

Brown Shipley warns of less profits growth

Brown Shipley Holdings, merchant banker, confirms in its interim statement that it has agreed to buy Heston, Moss, the stockbroking firm, for £5m.

It says that both banking and insurance have developed satisfactorily in the first six months and are expected to continue to do so.

Several factors, however, including the effect of exchange rates on overseas business and delays in disposing of vacated premises in Haywards Heath and in the Midlands in the City, seem likely to postpone the further profits growth expected in the current year, it says.

Prospects for resumed progress in 1986 are encouraged, it says. The interim dividend is maintained at 3.5p a £1 share.

Cambrian & General
Net asset value per Cambrian & General Securities share at September 30 was 224.00p against a fully diluted 125.11p at September 30 1984 and 116.7p at June 30 1985.

Revenue from investments for the year was £7.8m (£5.9m) and net revenue after taxation was £68,940 (£47,450). Final dividend for the year is 0.55p net per ordinary share making a total payment for the year of 1.10p net against 1p.

Cambrian policy is to invest in publicly noted securities, principally in the US, which the investment manager believes to be undervalued. In pursuit of this the company's activities are directed primarily towards publishing, advertising, publishing

Brammer agrees to sell Neve to Siemens group

Brammer, the bearings distributor, has reached agreement to sell its subsidiary, Neve Electric Holdings, to companies in the West German Siemens group which makes sound-mixing systems. Neve was acquired by Brammer in June this year as part of its £44m takeover of Energy Services and Electronics.

Siemens companies will subscribe £95,000 of additional share capital to take a 90.5 per cent interest in Neve. They will

also repay £800,000 of inter-company accounts to ESE and take on £3.5m of bank borrowings.

ESE will have an option to sell its 3.5 per cent stake with a premium calculated on the turnover of Neve for the year ended September 30 1991.

When Brammer acquired ESE, the ESE board had already decided to sell Neve and had made initial moves to do so.

COMPANY NEWS IN BRIEF

TEMPLE INVESTMENT AND FINANCE has become a beneficial owner of 1m ordinary shares (4 per cent) in British Benzol, a manufacturer of coke and smokeless fuel.

This follows the disposal of 4.3m shares (19.2 per cent) in British Benzol by British Investment in which Mr A. Ferguson, a non-executive director of British Benzol, has a beneficial interest. Temple is controlled by Mr Ferguson.

EQUIPU has acquired Computer Supplies (Holdings) and its

three trading subsidiaries, Data Security Company (UK), Computer Supplies Company and Bristol Computer Supplies. Initial consideration consists of £800,000 in cash and a deferred payment not exceeding £2m, which will be satisfied by the issue of ordinary shares in EQUIPU.

BASS announces that its subsidiary Bass Hotels and Holidays has completed the purchase of Hotel Villa Magna, Madrid, from Nerga SA for £15.5m.

FINANCIAL TIMES
CHANNEL ISLANDS SURVEY
DECEMBER 18 1985
For further details, please contact:
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FINANCIAL TIMES
Europe's Business Newspaper

David Goodhart and Frank Kane look at the takeover bid for French Kier Beazer tries for the big league



Mr Brian Beazer, chairman

IT HAS been a meteoric rise for C. H. Beazer. From being a small Bath-based housebuilder, with a market capitalisation of £5m in 1979, it now boasts a capitalisation closed to £151m. And if its bid for French Kier were to succeed, it would take it to fourth or fifth position in the contracting/construction league table.

The management team, headed by chairman Brian Beazer, has been particularly hyper-active in the past year. It has snapped up builder William Leach for £25m after a rejection of its £48m bid for Bath and Portland; raised £20m in a rights issue; entered the US property market; seen its unusual tender offer for 325 per cent of SGB underwritten by BE's bid; acquired G. E. Wallis, housebuilder, and now bid for French Kier.

In 1979 pre-tax profits were £2.1m on a turnover of £18.6m — to June 1985 the figure was £15.8 on turnover of £190m. This year — excluding the possible acquisition of French Kier — analysts are looking for profits of about £25m on turnover of £250m.

It is fast moving by any standards — and has been inspired by the shrewd market sense of 50-year-old Mr Beazer. He is the seventh generation Beazer housebuilder and the company he took over from his father about five years ago reflected that. It was a quiet, well-run, unambitious Bath builder.

Mr Beazer introduced financial sophistication and far broader horizons. The takeover strategy he launched has had the conventional ingredients of snapping up sluggish companies and squeezing them hard.

He has not always had his way (as the table shows) but even when a bid has failed Beazer has usually walked away with a hefty profit.

With the French Kier bid, Beazer is moving into a different league. Kier has a smaller market capitalisation, at £121m, but its turnover is higher, at £227m. With the inevitable question being raised — has Beazer overreached? — this time? — it was wise of Brian Beazer to refer to the proposed

deal yesterday as a "merger". And a merger it would indeed be: between-in effect—a housebuilder (Beazer) and a building and civil engineering contractor (French Kier).

Beazer is actually divided into four divisions: property, contracting, products and international. But housebuilding—which it expects to reach 5,000 completions this year—accounts for 70 per cent of profits.

Mr Beazer said yesterday that he had been thinking of linking up with a major contractor for some time and had actually been looking at French Kier since the

RECENT BEAZER DEALS

December 1982—R. Green Properties £11.8m offer increased to £13.7m rejected.
March 1983—Second City Properties, West Midlands property developer bought for £18.1m.
November 1983—Monsell Yonell, housebuilder, bought for £8m.
March 1984—W. and J. Tod wholly owned subsidiary floated on USM.
May 1984—Sells building materials division to Tarmac for £25.6m.
June 1984—Acquires Bramham Millar Group (now separately quoted as BM Group) for a bout £3m.
June 1984—First bid for William Leach, housebuilder, worth £18.5m rejected.
October 1984—Agreed £33m

bid for M. P. Kent, Bristol-based property developer.
November 1984—Bath and Portland rejects £48m bid.
January 1985—William Leach accepts improved £25m bid.
May 1985—Rights issue raised £20.22m.
August 1985—Entered US property market through purchase of Cohn Communities Atlanta, housebuilder for \$3.25m.
October 1985—Tender offer for 25 per cent of SGB underwritten by BE's bid. Still owns 4.9 per cent of SGB.
November 1985—Makes recommended £25m bid for G. E. Wallis, housebuilder.
Yesterday—Buys 26 per cent of French Kier for £22.1m and bids for balance.

major acquisition was Leach and that has now been integrated. And in any case French Kier would continue to run very much as it is.

The next few weeks and months are, however, likely to be busy for the Beazer management—French Kier can be expected to put up a strong fight.

Kier's rejection of the bid came late last night, and stressed the differing nature of the two groups. It said that Beazer is "principally a housebuilding company with virtually no contracting or international expertise, and will be unable to contribute in any manner to French Kier's future development." It added that the terms significantly undervalue French Kier's profitability and long-term potential.

Mr Colin Frettesome, Kier's chief executive, denied that there were major complementary aspects to the two companies which would make for a commercial justification for the offer. "We are not even competitors," he said.

Although both are grouped within the construction category, Kier's activities are considerably more extensive. In the UK, it has civil engineering, building, property development and other construction related activities, but it is overseas that the real difference lies. Kier is a major international contractor, with operations in the Middle East, Africa, and, in the US, in the field of property development.

The Beazer intervention is a further hiccup in Kier's offer for Abbey, which has run into a series of obstacles since it was first announced last month. The Callagher family, which controls the Dublin-based builder, said in their response to the offer, with the vote of Mr Patrick Callagher and his son Seamus, amounting to some 36 per cent, going for the Kier terms, and the largest single holding—the 29.9 per cent of chairman Charles Callagher, going against.

See Lex

TERMS OF THE BEAZER OFFER

would involve the issue of 10.5m new Beazer shares, representing around 22 per cent of the enlarged share capital. The cash element of the offer would involve the payment of £24.5m, be provided from Beazer's existing cash resources and borrowing facilities.

Beazer acquired the Trafalgar holding in French Kier for £22.7m—£22p for each of the 12.73m shares. This will be satisfied by the issue of 6.23m new ordinary Beazer

shares, representing around 16.7 per cent of Beazer's increased share capital. These shares have been conditionally placed with institutional and other investors by County Bank, advising Beazer, in conjunction with L. Messell, its broker.

If French Kier's offer for Abbey is successful, the number of extra Beazer shares issued would be 1.24m, an increase of 2.7 per cent, making the company's total issued share capital \$9.16m shares.

At last night's closing price for Beazer of 48p, down 14p on the day, the offer values French Kier at nearly £115m, or 233p per share. French Kier closed well ahead of this at 245p, up 21p on the day.

The terms of the offer are two new ordinary Beazer shares of 10p each, plus 655p in cash, for every seven French Kier ordinary shares. There is a cash alternative of 225p per share.

Full acceptance of the offer

TESCO

Continued Steady Growth

The Board of Tesco PLC announces the unaudited results of the Group for the 24 week period ended 10th August 1985.

	24 weeks to the 10th August 1985 £ Millions	24 weeks to the 11th August 1984 £ Millions	52 weeks to the 23rd February 1985 £ Millions
Turnover including VAT	1572.2	1397.6	3176.7
VAT	86.6	73.9	176.3
Operating profit	38.5	31.2	81.7
Interest receivable less payable (see Note 1 below)	5.7	(0.9)	(0.4)
Profit on ordinary activities before tax	44.2	30.3	81.3
Net margin	(2.98%)	(2.29%)	(2.71%)
Taxation (estimated)	18.0	12.0	30.3
Profit on ordinary activities after tax	26.2	18.3	51.0
Net surplus on sale of properties	2.5	3.4	8.7
Dividend	8.6	5.9	16.4
Profit retained	20.1	15.8	43.3
Dividend per share	2.10p	1.75p	4.85p
Earnings per share (see Note 2 below) — Excluding net surplus on sale of properties Including net surplus on sale of properties	6.96p 7.63p	5.33p 6.32p	14.84p 17.36p

Notes:

1. Interest
The cost of funding the store expansion programme has impacted substantially upon reported profit on ordinary trading activities. It has therefore been decided, with effect from 24th February 1985, to capitalise interest (net of taxation) on borrowings specifically related to the financing of the acquisition and development of new stores. Interest is being capitalised on store acquisition and development costs incurred in the current financial year and interest capitalisation will continue until these stores commence trading. This has increased profit on ordinary activities before taxation in the current period by £3.5m and will have an increasing effect in the future.

Trading Review

Our business has grown steadily and during the period turnover has been satisfactory, representing volume gain of approximately 7%.

The implementation of improved central distribution systems has continued, as have other productivity initiatives, which benefit net margin. Competition within the industry remains vigorous.

Store Development Programme

Nine new stores together with one major extension have been opened to date, increasing new selling area by 233,000 sq.ft. These, together with eight further stores to be opened during the financial year, will increase new selling area by 520,000 sq.ft. in total. Eleven smaller stores have been closed this year to date, representing 155,000 sq.ft.

No adjustment has been made to the results for the previous year as the amount involved was not material.
The proceeds of the rights issue made in April 1985 increased net interest receivable by approximately £2.9m.

Without the benefit of the above factors, the interest charge for the period would have been \$0.7m, but now stands as a credit of \$3.7m as a result of the capitalisation of interest and the interest on the rights issue proceeds.

2. Earnings per Share

Earnings per share for the 24 weeks to 11th August 1984 and for the 52 weeks to 23rd February 1985 have been adjusted to take account of the recent rights issue.

Dividend

The Board, having considered the level of improvement in trading performance at the half year, has declared an interim dividend of 2.10p per share (1.75p last year), which will be paid on 21st February 1986 to shareholders on the register of members at the close of business on 17th January 1986.

Annual General Meeting

The full year's preliminary results will be announced on 28th May 1986 and the Annual General Meeting of the company will be held on the 11th July 1986, both being two weeks earlier than in previous years.

British Airports Authority.

Unaudited statement of results for the half year ended 30th September 1985.

	6 months to 30th September 1985	6 months to 30th September 1984	12 months to 31st March 1985
Passengers (million)	30.9	29.5	50.9
Turnover	£m 238.9	£m 215.9	£m 361.6
Trading Profit	95.4	80.1	72.0
Loss on Disposal of Fixed Assets	—	—	(1.8)
Monetary Working Capital Adjustment	(0.3)	(0.3)	(0.5)
Share of Loss of Associated Company	—	—	(0.2)
Current Cost Operating Profit	95.1	79.8	69.5
Interest	(4.7)	(3.2)	(5.6)
Current Cost Profit before Taxation	90.4	76.6	63.9
Taxation	(57.0)	(46.2)	(39.0)
Current Cost Profit after Taxation	33.4	30.4	24.9

NOTES

1 The unaudited statement has been prepared under the same accounting policies used in the statutory accounts for the 12 months to 31st March 1985.
2 Trading profit is stated after charging depreciation on the basis of current cost.
3 Taxation has been provided at the estimated tax rate for the full year after taking account of the estimated capital allowances for the year.

STATEMENT BY THE CHAIRMAN,
SIR NORMAN PAYNE, CBE, FENG, FRC

The first half of each financial year is always more profitable than the year as a whole because of the seasonal nature of the business and the policy of peak charging during the summer months.

Passenger numbers increased by 5.1% over the same period last year contributing to an increase in turnover of over 10%.

Pre-depreciation costs per passenger were held at the same level as the first half of last year, a reduction of 6.3% in real terms.

The number of passengers per employee increased by 4.6% over the same period last year, and profit was 19% higher than the first half of the last financial year. Capital Expenditure was £82.8m, up 9.4%.

The immediate outlook is satisfactory with passenger throughput continuing at higher levels than twelve months ago.

British
Airports

British Airports Authority, Head Office, Gatwick Airport, Gatwick West Sussex.

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UK COMPANY NEWS

Robert Moss advances to £1.1m

Robert Moss, maker and distributor of plastic injection mouldings, raised pre-tax profits by 24 per cent from £822,000 to £1.1m for the six months to September 30, 1985. Turnover was 17 per cent higher at £8.3m against £7.1m.

Earlier this year, the company made an unsuccessful bid for fellow plastics concern, Cole Group. However, the board points out that, having failed to secure the sale of the original 8.1 per cent stake covered the cost of making the bid—worth £5.7m.

The board reports that the second half has started well and the outcome for the year is expected to be satisfactory—last year pre-tax profits rose 38 per cent to £2.2m.

As a consequence of the phased reduction of capital allowances, the effective tax rate for this year will be considerably higher than last year.

Tax for the half year took £399,000 (£322,000) and stated earnings per 10p share came out ahead from 3.8p to 3.9p. The net interim dividend is stepped up from 0.9p to 1p—last year's final was 2.1p.

The company has formed a wholly owned subsidiary, Mold-Saver in Florida, US, in order to create a toolmaking and moulding facility based on the special technology used at the Kidlington and Banbury offshoots. Investment in the operation is expected to be gradual, rising to between £400,000 and £500,000 over 12 months.

Stated earnings per 10p share of this USM company increased to 2.4p (1p) and the interim dividend is maintained at 1p net last year's total was 2p.

MEDMINSTER PLC

Activities of the Group: Furniture hire to conferences, exhibitions, films, photographic studios, television and theatres. North Atlantic and Far East groupage, freight forwarding services worldwide and ships management.

Furniture Hire Division
With our vast furniture stocks prudently depreciated and continually being restored, we are in an excellent position, with our large spread of clients throughout the U.K., to secure steady growth and stable profits. We can only go forward and grow wisely in each furniture division to suit our general operation in any given area.

Shipping Division
Although the division has had a lower turnover, this has not had any effect on profits as it was planned as part of our commercial strategy.

Cube's new London office is settling down nicely and will, before long, be a very useful asset and profit earner.

Against this background, I view the future with confidence.

John Delaney, Chairman

127 Whitehall Court, London SW1

GLEESON

Civil Engineering and Building Contracting Residential and Commercial Property Development

Preliminary Announcement

	1985	1984
Year ended 30th June	£900	£200
Turnover	£1,000	£70,000
Trading Profit	2,732	1,794
Profit before Tax	2,297	2,604
Profit after Tax	5,829	4,398
Extraordinary items	2,962	383
	2,962	2,160
Dividends		
Interim—paid	150	143
Final—proposed	287	352
Earnings per share	29.62p	25.41p
Dividends per share	5.37p	4.95p

★ Trading profit increased by 52%
★ Final dividend increased by 10%
★ Rental income now exceeds £1m p.a.
★ Investment properties to be professionally revalued in 1985/86
The Annual Report and Accounts will be posted to shareholders on 13th December 1985.

M. J. GLEESON GROUP PLC
Harewood House, London Road, North Chesham, Surrey SM3 9BS

Better half year gives John Foster confidence

FOLLOWING a turnaround in first-half figures John Foster and his team are expecting the results for the full year ending February 1986 to show a considerable upturn on the previous year.

The group, sponsor and cloth maker, has turned round from a loss of £21,000 to a profit of £32,000 for the half year ended August 30, 1985. Margins showed a satisfactory increase but there was a substantial rise in interest charges.

The major proportion of group turnover and profit traditionally arises in the second half. The directors are doubling the interim dividend to 1p net to reduce disparity with the final—2.5p last time.

Turnover in the six months advanced from £7.7m to £10.34m and the operating profit rose from £172,000 to £497,000. Resulting from the purchase of Pepper Lee in October 1984 and an interest charge of £155,000 (loss £40,000) equal to 0.2p per share (loss 0.5p).

For the whole of 1984-85 the group made further progress in its recovery with a pre-tax profit of £1.1m (£802,000).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are listed mainly on last year's timetable.

TODAY
Interim: Acacia Jewellery, Amalgamated Financial Investment, Delya Packaging, Harwell, Personal Assets Trust, S & U Stores, R. Smallshaw (Knitwear).

Finals: Barton Transport, Bellway, Black Arrow, CPU Computers, Clyde Blowers, Somic, Spectrum.

FUTURE DATES
Interim: Broad Telecommunications ... Dec 12
Chamberlain Phipps ... Nov 25
Draughts ... Nov 20
Harwell Investments ... Nov 19
Murray Technology Investments ... Nov 21
Pennycook, Consett, Giffels ... Nov 22
Southwest Resources ... Nov 26
Finals: MMT Computing ... Nov 20

comment
Conceivably John Foster could make record profits of £1.6m this year although if the previous peak of £1.2m in 1974 was adjusted for inflation the latest effort might be seen to be still scrambling up the foothills. But after the years of decline which turned into two years in the red by the 1980s Foster is determined to be making a strong recovery. Three recent acquisitions have strengthened his position in mohair and widened his product base into cheaper menswear cloth. Unfortunately the newer lines are just as seasonal

Burtonwood margins under pressure

Burtonwood Brewery reports a 20 per cent increase in turnover to £15.58m against £12.53m, as against a slight fall, from £1.4m to £1.38m in profits before tax for the 26 weeks ended September 28, 1985.

Tax takes £555,000 (£583,000). The interim dividend is maintained at 2.5p per share and the final will be recommended "in the light of the full year's financial results."

The company states that the increase in turnover has been achieved despite the poor summer and that the profit before tax is after the charges for financing the continuation of the capital programme, reflecting the directors' confidence in the second half of the current year and the company's long-term policies.

Acorn's accounts qualified over £2.6m Vat query

Acorn Computer Group, which has been rescued twice this year, has had its annual report and accounts qualified by its auditors, Deloitte Haskins & Sells.

The qualification, which was widely expected, centres around a dispute with HM Customs and Excise in respect of the possible under payment by a subsidiary of £2.6m of value added tax. An investigation is under way and early indications suggest that there may be a significant reduction in the amount assessed. However, the auditors say that "until the conclusion of the investigation, it is not possible to establish the amount of liability, if any, due under such assessment."

In view of this uncertainty, no provision has been made in these financial statements for any such liability.

The likelihood of the qualification first became apparent early last month when Acorn announced worse than expected losses

G. Ruddle raises profits by 6% halfway to £0.5m

G. Ruddle, the Rutland-based real estate broker, increased pre-tax profits by 6 per cent to £501,000 in the six months to September 29 against £472,000 last time.

Turnover rose marginally from £5.26m to £5.42m. The directors say that, although the television advertising campaign, announced in September, is under way it is too early to judge its success.

However, it has created a great deal of interest in the trade, they say, and the company has gained a number of important stockists and achieved excellent distribution for its County brand in the Anglia area.

The pre-tax profit was

BANK RETURN

	Wednesday November 13 1985	Increase (+) or decrease (-) for week
LIABILITIES		
Capital	£ 1,455,000	£
Public Deposits	2,056,417,272	148,790,577
Bankers Deposits	1,534,114,993	84,943,272
Reserve and other Accounts	4,582,442,108	161,251,407
ASSETS		
Government Securities	560,487,771	215,000
Advances and other Accounts	564,287,047	3,324,598
Premises Equipment & other Secs.	3,820,564,321	162,788,325
Other	6,589,128	1,565,941
Gold	432,224	10,525
	4,582,442,108	51,251,407

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in circulation	12,008,210,961	8,464,159
Notes in Banking Department	5,589,129	1,525,841
	12,010,000,000	10,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	1,015,938	51,549,328
Other Securities	10,041,767,861	51,549,328
	12,010,000,000	10,000,000

The Diary of a Somebody.

If you're somebody in business, you'll need the Financial Times Diary on your desk in 1986. You'll find it's much more than a diary. It's a complete Business Directory for the busy executive.

Whether you're planning business trips at home or abroad, you'll quickly find the essential information you want—concisely and clearly laid out. Vital details such as how to get there, where to stay—even what to take with you.

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Standard Chartered

U.S. \$400,000,000

Standard Chartered PLC
(Incorporated with limited liability in England)Undated Primary Capital Floating Rate Notes (Series 3)
Issue Price 100.10%

The following have agreed to subscribe or procure subscribers for the Notes:

Standard Chartered Merchant Bank

Goldman Sachs International Corp.

Credit Suisse First Boston Limited

Morgan Stanley International

Salomon Brothers International Limited

J. Henry Schroder Wagg & Co. Limited

Bank of America International Limited

Bank of Tokyo International Limited

Banque Nationale de Paris

Barclays Merchant Bank Limited

Crédit Commercial de France

Daiwa Europe Limited

Dresdner Bank

IBJ International Limited

LTCB International Limited

Merrill Lynch International & Co.

Mitsui Finance International Limited

Mitsui Trust Finance (Hong Kong) Limited

Samuel Montagu & Co. Limited

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

Orion Royal Bank Limited

Paribas Limited

Shearson Lehman Brothers International, Inc.

Sumitomo Finance International

Swiss Bank Corporation International Limited

Tokai International Limited

S. G. Warburg & Co. Ltd.

Wood Gundy Inc.

Yamaichi International (Europe) Limited

Banque Bruxelles Lambert S.A.

Chase Manhattan Limited

Chuo Trust Asia Limited

Crédit Lyonnais

Fuji International Finance Limited

Generale Bank

Girozentrale und Bank der österreichischen Sparkassen

Manufacturers Hanover Limited

Mitsubishi Finance International Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A.

Österreichische Länderbank

Sanwa International Limited

Sumitomo Trust International Limited

The Taiyo Kobe Bank (Luxembourg) S.A.

Takagin International Bank (Europe) S.A.

Toyo Trust International Limited

Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

Yasuda Trust Europe Limited

Application has been made for the Notes, in bearer form in the denominations of U.S. \$10,000 and U.S. \$250,000 each or integral multiples thereof, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. Interest will be payable semi-annually in arrears in June and December, the first payment being made in June, 1986.

Listing Particulars are available in the statistical services of Exel Statistical Services Limited. Copies of the Listing Particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2, up to and including November 19, 1985 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the address shown below up to and including November 29, 1985:

Goldman Sachs International Corp.,
5 Old Bailey,
London EC4M 7AH

Standard Chartered PLC,
38 Bishopsgate,
London EC2N 4DE

Standard Chartered Bank,
73-79 King William Street,
London EC4N 7AB

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

November 15, 1985.

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The Chase Manhattan Corporation
(Incorporated in the State of Delaware)

U.S.\$175,000,000

Floating Rate Subordinated Notes Due 1997

The following have agreed to subscribe or procure subscribers for the above Notes:

Shearson Lehman Brothers International

Chase Investment Bank

Morgan Stanley International

Credit Suisse First Boston Limited

Goldman Sachs International Corp.

Merrill Lynch Capital Markets

Salomon Brothers International Limited

Bank of Tokyo International Limited

Bank of Yokohama (Europe) S.A.

Banque Bruxelles Lambert S.A.

Crédit Agricole

Crédit Commercial de France

Crédit Lyonnais

Genossenschaftliche Zentralbank AG

E F Hutton & Company (London) Ltd

IBJ International Limited

Kidder, Peabody International

LTCB International Limited

Mitsui Finance International Limited

Nippon Credit International (HK) Ltd.

Nomura International Limited

Orion Royal Bank Limited

Banque Paribas Capital Markets

Société Générale

Sumitomo Finance International

Sumitomo Trust International Limited

Svenska Handelsbanken Group

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

S.G. Warburg & Co. Ltd.

Westdeutsche Landesbank

The issue price of the Notes is 100 per cent. Application has been made to the Council of The Stock Exchange for the Notes, in bearer form in denominations of U.S. \$10,000 or U.S. \$50,000 each and in registered form in denominations of U.S. \$10,000 each or integral multiples thereof, constituting the above issue to be admitted to the Official List, subject only to the issue of the temporary Global Note. Interest on the Notes is payable quarterly in arrears, the first payment being made in February, 1986.

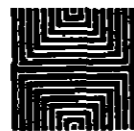
Listing particulars relating to the Notes and the Issuer are available in the statistical services of Exel Statistical Services Limited. Copies of the listing particulars may be obtained during business hours on any weekday from The Stock Exchange, Company Announcements Office, Throgmorton Street, London EC2P 2BT, up to and including 19th November, 1985 and up to and including 29th November, 1985 (Saturdays and Public Holidays excepted) from:

Shearson Lehman Brothers International
9 Devonshire Square
London EC2M 4YL

Simon & Coates
1 London Wall Buildings
London EC2M 5PT

The Chase Manhattan Bank, N.A.
Woolgate House
Coleman Street
London EC2P 2HD

15th November, 1985



Henderson Administration Group plc

Unaudited results for the six months to 30th September, 1985.

Year to 31st March (audited)		Six months to 30th September (unaudited)	1985	1984
12,485	Profit before tax	£000	5,170	4,669
61.74	Earnings per ordinary share	pence	30.96	24.78
16.00	Dividends per ordinary share	pence	6.00	4.00
18,177	Net assets	£000	20,606	12,825
2,548	Funds under management	£million	2,813	2,037

*Earnings per ordinary share are shown after transfer from/to initial charges equalisation reserve.

"There exists a growing demand for the services of the specialist investment manager and the continuing internationalisation of the market place will provide many opportunities in the coming years." J. R. Henderson Chairman

The results for the full year to 31st March, 1985 are an abridged version of the published accounts for that year which have been delivered to the Registrar of Companies and on which the report of the Auditors was unqualified.

A copy of our full interim statement is available from the Company Secretary, 26, Finsbury Square, London, EC2A 1DA.

Henderson. The Investment Managers.

EUROPEAN OPTIONS EXCHANGE

Dam 21, 1012 JS Amsterdam. Telephone + 31.20 26 27 21, Telex 13473.

INTRODUCTION

Pounds Sterling/Guilder Option

- Introductions:** call options (right to buy) and put options (right to sell) on the Pound Sterling, denoted in Dutch guilders.
- Series:** the option series (exercise price with an interval of at least Dfl. 0.5 will be announced no later than Friday, 15th November 1985).
- Expiration months:** March, June, September, December
- Contract size:** BP 10,000
- Option price:** denoted in guilders per Pounds Sterling 100 and determined by supply and demand on the floor of the European Options Exchange.
- Trading starts:** Monday, 18th November 1985.
- Orders:** can be placed with the banks and brokers who are members of the European Options Exchange. They can also provide additional information.

Amsterdam, November 1985

NOK 200.000.000,- COMMERCIAL PAPERS



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Banque Nationale de Paris Norge AS Citibank AS
Christiania Bank og Kreditkasse Oslo Finans AS pr. kommission
Rogalandssbanken AS UNI Forsikring Statoll Forsikring AS
Investa AS Sorlandsbanken AS

Marketmakers
Oslo Finans AS
Christiania Bank og Kreditkasse AS

Agent

OSLO FINANS A.S

October 1985

This announcement appears as a matter of record only.

NOK 150.000.000 CERTIFICATES OF DEPOSIT



Issued by
CITIBANK

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OSLO FINANS A.S
CITIBANK AS

Agent and marketmaker

OSLO FINANS A.S

October 1985

UK COMPANY NEWS

Staveley expands 38% to over £3m midterm

Staveley Industries, which has interests ranging from electrical and mechanical services to vacuum salt, lifted pre-tax profits by 38 per cent to £3.27m in the half year to September 28 against £2.38m last time.

Mr W. K. Roberts, chairman, who describes it as a creditable result, says the rise includes 21 per cent derived from lower pension contributions.

He says that, although sales were down 6 per cent at £80.8m compared with £86m, the reduction is more than accounted for by the effect of disposals and the lower value in sterling of overseas sales.

In addition, net interest costs were down more than half, from £1.28m to £607,000, reflecting the benefit from improved cash flow, lower interest rates and the decline in the value of the dollar.

Earnings a share were up 45 per cent from 10.5p to 15.2p and the interim dividend is raised to a £1 share to 5.5p.

The UK manufacturing division, British Salt and the NDT

technology companies in North America all increased sales and trading profits, says Mr Roberts. But electrical and mechanical services had a disappointing first half. However, a big improvement is expected in the second half.

On the Continent, NDT companies were disappointing, he says, and housewares satisfactory.

Staveley's associate, National Controls of California (including Electroscale) is heading downhill, he says, and trading profitably at half-way.

He says the way ahead for the group is not without difficulties. But full-year profits are expected to be ahead of last year's £3.27m.

Tax took £785,000 against £650,000 but there were no extraordinary items (£216,000 debit), leaving attributable profits of £2.49m (£1.5m).

comment

Only lower interest payments enabled Staveley Industries to come out firmly ahead at the half-way mark. A third of the

£870,000 fall in the charge was due to the lower cost of servicing dollar dominated debts with sterling income. Net debt should also be lower after disposals even though by the year end gearing may not have dropped.

The skew in favour of the second half is likely to be sharper than usual in 1985-86 as Electrical and Mechanical Services experienced the lowest level of completions (and hence profit taking) for years.

In these figures there is also a £200,000 gain (in terms of lower costs) thanks to declining pension fund contributions. The company is much exercised by the slowness of the Monopolies Commission inquiry into the white salt market, in which 1.2m tonnes a year of sales are divided equally between Staveley and ICI.

This now looks like a 30 month slog as opposed to the 15 month for originally planned and will cost Staveley some £300,000. Forecasts are still for £10.5m for the year. This puts the shares at 37p and with a 21 per cent tax charge on a prospective multiple of 7.5, which is modest given the improved yield.

Rise at Henderson Administration in first six months

A 10.7 per cent rise in pre-tax profits from £2.67m to £2.95m in the six months to September 30 1985 is reported by the fund management and investment adviser company, Henderson Administration Group.

The interim dividend is lifted by 50 per cent from 4p to 6p.

The group's operating profit had only a marginal rise compared with last year from £2.11m to £2.18m, while associated companies contributed a small £4,000 loss against an £826,000 profit last year.

This latter reflected the sale of the group's shares in Henderson Baring for £8m—a move that helped boost the main contributor to the profit rise over the period—interest receivable and investment income.

This item representing interest on the company's cash deposits and dividends from units held in the manager's box, rose from £286,000 to £2.02m.

The group's tax charge showed a comparatively small increase from £2.04m to £2.15m. This resulted in profit attributable to shareholders of £2.05m against £2.63m—a rise of 16 per cent—before an equalisation transfer, £3.02m against £2.56m after the transfer.

Funds under management increased by £295m over the period to £2.81m, most of the increase coming from the expansion in pension fund operations which rose to £1.1bn, excluding the £258m held in exempt unit trusts.

Mr John Henderson, chairman

of the group, attributed the rise in pension fund money under management both to the excellent investment record of the managers and the growing demand for the services of the specialist investment manager. He saw the continuing internationalisation of the market place as providing many marketing opportunities in the coming years.

comment

The six month period to September 1985 was a comparatively dull one for stock markets worldwide. This accounts for the rather pedestrian profit performance of Henderson Administration, which would have been even duller but for the interest earned following the sale of its shares in Henderson Baring.

Growth in unit trust sales in the UK has slowed down due to increasing competition in this sector with more and more life companies entering the direct unit trust field. However, the strong stock market rise since September augurs well for profits in the second half, and the group's growing involvement in pension fund investment will provide stability to its earnings. In the longer term the expansion of fund management services to pension schemes in the US due to start in the New Year offers to start the profits growth for Henderson. The shares shed 70p to 940p on the results for a p/e of 13 on a forecast earnings per share for the year of 70p.

W. Yorks Hospital for USM

BY RICHARD TOMKINS

West Yorkshire Independent Hospital, a company operating a private hospital called The Yorkshire Clinic in Ringway, West Yorkshire, is coming to the United Securities Market with a placing of 696,476 ordinary shares at 90p a share. The flotation will give the company a market capitalisation of £3.8m at the placing price.

West Yorkshire was formed in 1979 by a group of medical consultants to own and operate The Yorkshire Clinic. The company was financed by a share issue which raised £1.73m and with loan and leasing facilities of £1.3m.

The hospital's catchment area has a population of 500,000 and comprises the Bradford and Aire district health authorities. There are 49 beds for inpatients and the hospital also

provides an out-patient service, a sports injury clinic, health screening and contract pathology.

The company is being brought to the market by Granville & Co, the London issuing house and corporate finance specialist. It is Granville's first USM issue.

Brokers to the placing are Rensburg & Co.

The main reason for the placing, which will raise about £600,000, is to increase the marketability of the shares and enable the company to pay the interest on the loan facilities.

Other reasons are to give the company access to further capital to support its development and to facilitate a capital re-

organisation whereby Community Hospitals, a substantial holder of the preference shares in West Yorkshire, can convert its holding into ordinary shares.

Community Hospitals, which is a hospital development and management company, will hold 45.5 per cent of the enlarged share capital.

West Yorkshire made pre-tax profits of £448,000 in the year to June against £233,000 the year before on turnover of £2.35m against £2.13m. It is forecasting profits of £500,000 for the current year, putting the shares on a prospective p/e ratio of 12.2 after a 40 per cent tax charge.

The company says it is aiming for further growth through increasing the occupation rate of 75 per cent, adding further beds in response to demand and extending outpatient services.

Gleeson advances by 14.3%

AN INCREASE in the trading level has enabled the M. J. Gleeson Group of civil engineers and property developers to raise its pre-tax profit by 14.3 per cent from £4.4m to £5.03m in the year ended June 30 1985.

Shareholders receive an increase in their dividend from 4.95p to 5.37p net, the final being 5.37p.

The directors say that having regard to the likelihood of a continuing dearth of civil engineering and other public works contracts, it seems the group's profit prospects will depend increasingly upon the private sector activities, particularly residential estate develop-

ment and the planned extension of the property investment programme.

Turnover in the half year fell from £70m to £61m but the trading profit rose from £1.75m to £2.7m. It is likely, the directors say, that turnover for the current year will remain at this lower level, with trading profits continuing to benefit from account settlements and reduced overheads emanating from the recently implemented reorganisation of the management structure.

Rents and interest received came to £2.3m, against £2.6m.

Rents were £1.03m (£987,000) and interest received was £1.27m (£1,270,000) reflecting reduced rates of interest and the increased commitment of funds to residential, commercial and industrial developments.

After tax £2.07m (£1,86m) net earnings are shown to be ahead from £2.43p to 29.62p. Previously, there were extraordinary debits of £288,000.

A further surplus of £887,000 arising on revaluation of certain properties has been added to reserves, pending the annual valuation of the entire portfolio of investment properties at the end of next June.

Encouraging interim from Scantronic

Scantronic, the USM manufacturer of electronic data communication equipment and systems, looks all set for another record in 1985-86.

Turnover is up from £1.6m to £1.85m and profits before tax from £303,000 to £356,000 in the six months to September 30 last.

The profit was struck after operating costs of £1.53m (£889,000) and crediting interest receivable of £42,000 (£22,000), leaving earnings per share of 2.04p (1.7p, adjusted). The interim dividend is raised from the equivalent 0.47p per share to 0.5p per share.

The improvement in group turnover in the first six months was helped by the addition of Homelink Telecom's sales which contributed 14 per cent of group turnover and is expected to make a greater contribution in the second six months.

Moss Advertising above forecast at £0.42m

Moss Advertising Group has more than doubled pre-tax profits in the year to end-August 1985, from £18,000 to £42,000. This exceeds the £410,000 forecast made at the time of the group's flotation on the USM in July.

As stated in the placing prospectus there is no dividend. The company intends to pay its first dividend in respect of the half year to end-February 1986. For the half year to February 1985 the group made profits of £221,000.

Turnover for this advertising agency improved by 52 per cent from £4m to £6.08m, and Mr Steven Moss, the chairman, says that in the current year trading conditions have continued to be buoyant.

The group has gained a number of new accounts which more than compensates for the reduction in business from a major client, he says, and the board regards prospects for the current year as encouraging.

The year was one of significant development for the group. In February it acquired the outstanding minority interest in Marketing Concepts & Research, and its Leeds agency, in which it had a 25 per cent interest, became a wholly owned subsidiary.

The group sees its USM listing as an important step towards its development both by acquisition and internal growth into a major regional agency, providing a wide range of marketing services to its clients.

New Court Tst lifts asset value

NEW Court Trust had a no asset value of 48p per 50p share at end-August 1985, compared with 43p a year earlier and 47p at end-February.

The directors of this investment trust are proposing an unchanged 10.12p final dividend to maintain the total for the year at 14.25p. Stated net earnings per share are down from 15.08p to 14.43p.

Net revenue for the year to August, after a tax charge of £18,000 (£337,000), amounted to £1,211,000 against £774,000. Turnover rose from £5.59m to £6.08m.

Expenses and interest took £288,000 (£227,000).



The attraction is magnetic. Expanding or relocating your business? For some forward arguments contact Mike West, Bristol Director of Economic Development, Bristol House, St Georges Road, Bristol BS1 5UY. Tel: (0272) 291630 Telex: 449714 BRUEN G

LINFIN CORPORATION U.S.\$275,000,000 Collateralized Floating Rate Notes due 1995

For the three months
14th November 1985 - 14th February 1986 the notes will carry an interest rate of 8 1/4% per annum with an interest amount of U.S.\$1,054.17 per U.S.\$50,000 nominal. The relevant interest payment date will be 14th February 1986.

Listed on the Luxembourg Stock Exchange
Bankers Trust Company
Agent Bank

New Issue
November 1985

Thyssen Holding Corporation Dover, Delaware, U.S.A.

U.S. \$ 50,000,000
10 1/2% Bearer Bonds of 1985/1992

unconditionally and irrevocably guaranteed by

Thyssen Aktiengesellschaft
vorm. August Thyssen-Hütte,
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Algemene Bank Nederland N.V.
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Limited

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Limited

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FT COMMERCIAL LAW REPORTS

Juke box suppliers protected pending action against brewery managers

CUTSWORTH AND OTHERS v MANSFIELD INNS LTD
Queen's Bench Division: Sir Neil Lawson, sitting as a deputy judge: October 28 1985

BREWERY MANAGERS may be restrained from insisting that tenants of tied houses must contract only with specified suppliers of amusement machines, pending trial of proceedings which raise serious questions as to whether such insistence would be a breach of EEC law.

Sir Neil Lawson so held when giving judgment for Kenneth Cutsworth, Tina Cutsworth and Brian Kean, partners in a firm trading as For Amusement Only (Faul), in their application for an injunction to restrain Mansfield Inns Ltd, brewery managers, from interfering with their contracts for the supply of amusement machines to public houses.

Article 85 of the Treaty of the European Economic Community provides: "(1) The following shall be prohibited: ... all agreements between undertakings ... which have as their object or effect the restriction or distortion of competition within the Common Market ... (3) The provisions of paragraph 1 may, however, be declared inapplicable ..."

HIS LORDSHIP said that since 1968 the firm had supplied coin-operated equipment, including amusement machines and juke boxes, to public houses in operations were local to Humber-side.

The general practice was that suppliers of machines were obliged to provide a back-up service of repairs and maintenance.

For many years a substantial part of the firm's turnover had been derived from some 57 licensed public houses owned by Northern County Breweries. Northern maintained a short-list of recommended suppliers, which included the firm.

Agreements between the firm

and tenants or lessees of Northern houses were oral and could be terminated by two weeks' notice. Notice was rarely given. The firm's machines and back-up were highly satisfactory.

In August 1983 Mansfield Brewery acquired the entire issued share capital of Northern. Its managers for management of the Northern houses.

They decided to change the policy and to provide a new list of nominated suppliers of amusement machines and services, as distinct from recommended suppliers, and to change the financial terms on which tenants held the premises.

By a letter dated September 13 addressed to the firm, the managers confirmed that it was no longer nominated as a supplier and would be asked to remove all equipment.

The firm instituted proceedings and obtained from Sir Douglas Frank an injunction restraining the managers from (1) procuring or attempting to procure breach of contracts between the firm and tenants; (2) wrongfully interfering with the contractual arrangements; (3) interfering with the firm's equipment; and (4) any action which would limit the freedom of tenants to place orders with the firm.

The question on the present summons was whether the order should be continued until trial or further order.

The evidence did not disclose an arguable case that the managers had procured or attempted to procure breach of the contracts. It seemed that it was up to the tenants to decide whether to terminate the agreements by two weeks' notice. The firm was

therefore not entitled to the first part of the injunction.

Whether the managers could be enjoined in the terms of paragraphs 2 and 3 of the injunction depended on whether the firm had raised a serious question of breach by the managers of articles 85(1) or 86 of the EEC Treaty.

Article 85(1) came into effect only when there was an agreement between undertakings; the object or effect of the agreement was the restriction or distortion of competition within the Common Market; and the agreement might affect trade between member states.

The firm had raised a serious question as to whether that combination of factors existed.

First, the agreements between the managers and tenants were agreements between undertakings.

Second, the object and effect of those agreements was restriction or distortion of competition within the Common Market, specifically within the territory in which the firm operated.

The provisions under attack were ancillary to the brewers' tied house agreements. Such agreements had long been held by the European Court to be within the prohibition of Article 85 (see *ECR 377*).

A serious question arose. If the brewery agreement was prohibited, could ancillary provisions which did not relate to the brewery survive? Also, had the provisions by their nature and according to commercial usage, any connection with the brewery?

Third, brewery ties might affect trade between member states. Evidence by the managers on the relevant conditions, however, could not possibly have any effect on trade between member states. As a matter of common sense and for all practical purposes it would be quite unrealistic to expect the back-up services to be provided by a supplier outside the UK.

The EEC Commission's approach to treat the beer tie and the nominated supplier condition as integral parts of the whole agreement. Article 85 (3) provided a means of avoid-

ing the consequences of Article 85 (1) and (2) by block exemption. Generally, beer tie agreements had, on certain conditions, been the subject of block exemptions.

Article 6 (1) of Commission Regulation 1984/83 June 22 1983, provided that subject to certain exemptions Article 85 (1) of the Treaty should not apply to beer tie agreements. Article 6 (1) (b) of the Regulation provided that such exemption should not apply where the supplier of the beer restricted the freedom of the reseller "to obtain from an undertaking his choice of service or goods."

The managers' conditions fell squarely within that Article.

Guidelines affecting suppliers of machines to tied houses were given in paragraph 52 of the Commission's Notice, published in the *Official Journal* of April 13 1984. It said the practice of allowing the tenant to conclude contracts for the installation of machines only with recommended undertakings was a rule incompatible with the Regulation, unless the undertakings were selected on the basis of objective criteria of a qualitative nature.

It was plain from the affidavits and exhibits that there was a serious question whether the managers' activities fell within those guidelines. Inquiry could take place only at trial of the action. Among other things there was a question as to the bona fides of the managers.

So far as the firm's case was based on Article 85 it succeeded in the sense that there were serious questions to be tried.

So far as it was based on Article 86 the case failed. Article 86 was really about the abuse of dominant positions in the Common Market. There was no evidence that the managers occupied such a position.

For the firm: Anthony Thompson QC and William Elman (Rochman London & Co, for Gosschalk Wheldon & Co, Hull).

For the managers: David Vaughan QC and Richard Seymour (Shackletons).

By Rachel Davies Barrister

APPOINTMENTS

Unilever computing head

Mr L. W. Harrison has been appointed head of UNILEVER'S computing and communications group in succession to Mr J. W. Hubert. Mr Harrison has been with Unilever since 1976 and has held several senior management positions, most recently as financial director of Unilever South Africa (Pty).

Ms Jean Wood has been appointed assistant general manager sales and marketing of the MANUFACTURERS' LIFE INSURANCE GROUP. She was director of marketing.

Mr H. G. DeVillie has been appointed deputy chairman of SEVER INTERNATIONAL. He joined the board a year ago as a non-executive director and was formerly executive deputy chairman of BICC.

Mr Philip Hares, deputy chief executive and board member for finance of British Shipbuilders, has been appointed a director of the IRON TRADING INSURANCE GROUP.

Rear Admiral M. F. Simpson has joined FIELD AIRCRAFT SERVICES (CROYDON) as director and general manager. He was director general aircraft (naval) at the Ministry of Defence.

ALLEN & OVERY has appointed the following partners: Mr Alan Berg, Mr Mervyn Parry, Mr Rupert Jones, Mr Charles McKenna, Mr David Roberts, Mr Alan Paul, Mr Chris Roberts, Mr Richard Cranfield, Mr Guy Berlinger, Mr Jonathan Brayne, Mr Julia Salt, Mr Michael Turner and Mr Andrew Clark. Mr Brayne will be joining partners of the firm in New York. Mr Paul was seconded on November 1 to be secretary of the Panel on Take-Overs and Mergers.

CONSOLIDATED CONCORD has appointed Mr Jeremy Wilkinson as executive director group finance. He joins from Bank of America where he was head of financial analysis and planning. Also appointed to the board is Mr Alan Andrew, executive director group communications and executive assistant to the chairman.

Mr Francis Ball has been appointed merchandise trading director of LITTLEWOODS chain stores division. He will be responsible for all buying of clothing and homeware. He joins from Marks and Spencer where he was merchandise manager for ladies' fashions.

Company Announcement

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED

(Incorporated in the Republic of South Africa)

INCREASE IN MILLING CAPACITY

The Directors have agreed that the Milling Capacity of the mine should be increased by the construction of an additional 100,000 tonnes per month plant at Doornkop. The project will commence immediately in order to ensure that the plant will be ready to treat ore from the Doornkop Section, which should become available in 1987. The planned Capital Expenditure during this financial year is now forecast at R200 million compared to R186 million indicated in the latest Chairman's Statement.

Johannesburg 14th November, 1985

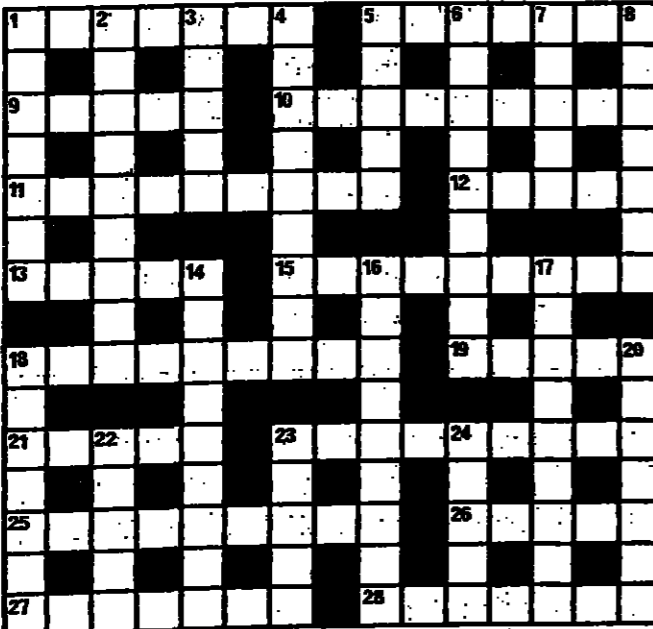
FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Unit Trust Name	Manager	Investment Objective	Assets Under Management (£m)	Units in Issue (m)	Unit Price (£)	Dividend Yield (%)	NAV (£)
British Shipley & Co Ltd (a)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (b)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (c)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (d)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (e)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (f)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (g)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (h)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (i)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (j)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (k)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (l)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (m)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (n)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (o)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (p)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (q)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (r)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (s)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (t)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (u)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (v)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (w)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (x)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (y)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00
British Shipley & Co Ltd (z)	British Shipley & Co Ltd	Equity	10.0	10.0	1.00	5.0	1.00

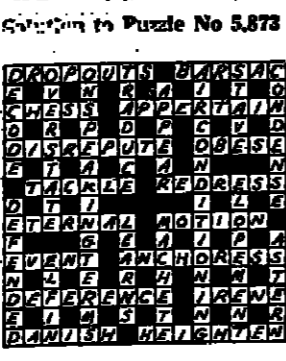


FT CROSSWORD PUZZLE No 5,874



- ACROSS**
- Colour of swineherds by end of August (7)
 - Medical disorder that may recur (7)
 - A walk back for the transport animal (5)
 - Held by some to be operative spectacles (9)
 - What runs in New Guinea to make accountants as cautious as that? (9)
 - French article duty-free (5)
 - Rope's end to return before long? (5)
 - Not a travelling-case (2-7)
 - Correction to reform Bill? (9)
 - Bound to see Ruby taking in work (5)
 - Moving arm to and fro (5)
 - Intended gear for US routes, perhaps (9)
 - In which soldiers carry a machine around? (9)
 - College window (5)
 - Unusual Aintree apprentice (7)
 - Hum in an exchange can be diabolical (7)
- DOWN**
- I present large bill for Sir Francis's craft (7)
 - PM who was happy to be overweight (9)
 - Muse of summer at Olympus? (5)
 - Gabby's address at No 4, Gabby Head? (9)
 - Tumble-dryer in Ireland (5)

- ACROSS**
- Rattle, say, the current leader (9)
 - Anthem requiring word, and more of French (5)
 - Once dearest, it feels different here (7)
 - Duck below the bed-cover (9)
 - Perhaps opt for French religious instruction - get a collection here (9)
 - Means of making death a happy release? (9)
 - Change bar-coat for smart jumper (7)
 - Ridge - it gets a beating to nothing in return (7)
 - Two-wheeler from the Friendly Islands (5)
 - Yarn double elasticity at the top (5)
 - Slackness of inverted climber (5)



Financial Times Friday November 15 1985

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July	1969	11.0	11.0	0.0

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General Fund	141.7	148.7	151.7	154.7	157.7	160.7	163.7	166.7	169.7	172.7	175.7	178.7	181.7	184.7	187.7	190.7	193.7	196.7	199.7	202.7	205.7	208.7	211.7	214.7	217.7	220.7	223.7	226.7	229.7	232.7	235.7	238.7	241.7	244.7	247.7	250.7	253.7	256.7	259.7	262.7	265.7	268.7	271.7	274.7	277.7	280.7	283.7	286.7	289.7	292.7	295.7	298.7	301.7	304.7	307.7	310.7	313.7	316.7	319.7	322.7	325.7	328.7	331.7	334.7	337.7	340.7	343.7	346.7	349.7	352.7	355.7	358.7	361.7	364.7	367.7	370.7	373.7	376.7	379.7	382.7	385.7	388.7	391.7	394.7	397.7	400.7	403.7	406.7	409.7	412.7	415.7	418.7	421.7	424.7	427.7	430.7	433.7	436.7	439.7	442.7	445.7	448.7	451.7	454.7	457.7	460.7	463.7	466.7	469.7	472.7	475.7	478.7	481.7	484.7	487.7	490.7	493.7	496.7	499.7	502.7	505.7	508.7	511.7	514.7	517.7	520.7	523.7	526.7	529.7	532.7	535.7	538.7	541.7	544.7	547.7	550.7	553.7	556.7	559.7	562.7	565.7	568.7	571.7	574.7	577.7	580.7	583.7	586.7	589.7	592.7	595.7	598.7	601.7	604.7	607.7	610.7	613.7	616.7	619.7	622.7	625.7	628.7	631.7	634.7	637.7	640.7	643.7	646.7	649.7	652.7	655.7	658.7	661.7	664.7	667.7	670.7	673.7	676.7	679.7	682.7	685.7	688.7	691.7	694.7	697.7	700.7	703.7	706.7	709.7	712.7	715.7	718.7	721.7	724.7	727.7	730.7	733.7	736.7	739.7	742.7	745.7	748.7	751.7	754.7	757.7	760.7	763.7	766.7	769.7	772.7	775.7	778.7	781.7	784.7	787.7	790.7	793.7	796.7	799.7	802.7	805.7	808.7	811.7	814.7	817.7	820.7	823.7	826.7	829.7	832.7	835.7	838.7	841.7	844.7	847.7	850.7	853.7	856.7	859.7	862.7	865.7	868.7	871.7	874.7	877.7	880.7	883.7	886.7	889.7	892.7	895.7	898.7	901.7	904.7	907.7	910.7	913.7	916.7	919.7	922.7	925.7	928.7	931.7	934.7	937.7	940.7	943.7	946.7	949.7	952.7	955.7	958.7	961.7	964.7	967.7	970.7	973.7	976.7	979.7	982.7	985.7	988.7	991.7	994.7	997.7	1000.7	1003.7	1006.7	1009.7	1012.7	1015.7	1018.7	1021.7	1024.7	1027.7	1030.7	1033.7	1036.7	1039.7	1042.7	1045.7	1048.7	1051.7	1054.7	1057.7	1060.7	1063.7	1066.7	1069.7	1072.7	1075.7	1078.7	1081.7	1084.7	1087.7	1090.7	1093.7	1096.7	1099.7	1102.7	1105.7	1108.7	1111.7	1114.7	1117.7	1120.7	1123.7	1126.7	1129.7	1132.7	1135.7	1138.7	1141.7	1144.7	1147.7	1150.7	1153.7	1156.7	1159.7	1162.7	1165.7	1168.7	1171.7	1174.7	1177.7	1180.7	1183.7	1186.7	1189.7	1192.7	1195.7	1198.7	1201.7	1204.7	1207.7	1210.7	1213.7	1216.7	1219.7	1222.7	1225.7	1228.7	1231.7	1234.7	1237.7	1240.7	1243.7	1246.7	1249.7	1252.7	1255.7	1258.7	1261.7	1264.7	1267.7	1270.7	1273.7	1276.7	1279.7	1282.7	1285.7	1288.7	1291.7	1294.7	1297.7	1300.7	1303.7	1306.7	1309.7	1312.7	1315.7	1318.7	1321.7	1324.7	1327.7	1330.7	1333.7	1336.7	1339.7	1342.7	1345.7	1348.7	1351.7	1354.7	1357.7	1360.7	1363.7	1366.7	1369.7	1372.7	1375.7	1378.7	1381.7	1384.7	1387.7	1390.7	1393.7	1396.7	1399.7	1402.7	1405.7	1408.7	1411.7	1414.7	1417.7	1420.7	1423.7	1426.7	1429.7	1432.7	1435.7	1438.7	1441.7	1444.7	1447.7	1450.7	1453.7	1456.7	1459.7	1462.7	1465.7	1468.7	1471.7	1474.7	1477.7	1480.7	1483.7	1486.7	1489.7	1492.7	1495.7	1498.7	1501.7	1504.7	1507.7	1510.7	1513.7	1516.7	1519.7	1522.7	1525.7	1528.7	1531.7	1534.7	1537.7	1540.7	1543.7	1546.7	1549.7	1552.7	1555.7	1558.7	1561.7	1564.7	1567.7	1570.7	1573.7	1576.7	1579.7	1582.7	1585.7	1588.7	1591.7	1594.7	1597.7	1600.7	1603.7	1606.7	1609.7	1612.7	1615.7	1618.7	1621.7	1624.7	1627.7	1630.7	1633.7	1636.7	1639.7	1642.7	1645.7	1648.7	1651.7	1654.7	1657.7	1660.7	1663.7	1666.7	1669.7	1672.7	1675.7	1678.7	1681.7	1684.7	1687.7	1690.7	1693.7	1696.7	1699.7	1702.7	1705.7	1708.7	1711.7	1714.7	1717.7	1720.7	1723.7	1726.7	1729.7	1732.7	1735.7	1738.7	1741.7	1744.7	1747.7	1750.7	1753.7	1756.7	1759.7	1762.7	1765.7	1768.7	1771.7	1774.7	1777.7	1780.7	1783.7	1786.7	1789.7	1792.7	1795.7	1798.7	1801.7	1804.7	1807.7	1810.7	1813.7	1816.7	1819.7	1822.7	1825.7	1828.7	1831.7	1834.7	1837.7	1840.7	1843.7	1846.7	1849.7	1852.7	1855.7	1858.7	1861.7	1864.7	1867.7	1870.7	1873.7	1876.7	1879.7	1882.7	1885.7	1888.7	1891.7	1894.7	1897.7	1900.7	1903.7	1906.7	1909.7	1912.7	1915.7	1918.7	1921.7	1924.7	1927.7	1930.7	1933.7	1936.7	1939.7	1942.7	1945.7	1948.7	1951.7	1954.7	1957.7	1960.7	1963.7	1966.7	1969.7	1972.7	1975.7	1978.7	1981.7	1984.7	1987.7	1990.7	1993.7	1996.7	1999.7	2002.7	2005.7	2008.7	2011.7	2014.7	2017.7	2020.7	2023.7	2026.7	2029.7	2032.7	2035.7	2038.7	2041.7	2044.7	2047.7	2050.7	2053.7	2056.7	2059.7	2062.7	2065.7	2068.7	2071.7	2074.7	2077.7	2080.7	2083.7	2086.7	2089.7	2092.7	2095.7	2098.7	2101.7	2104.7	2107.7	2110.7	2113.7	2116.7	2119.7	2122.7	2125.7	2128.7	2131.7	2134.7	2137.7	2140.7	2143.7	2146.7	2149.7	2152.7	2155.7	2158.7	2161.7	2164.7	2167.7	2170.7	2173.7	2176.7	2179.7	2182.7	2185.7	2188.7	2191.7	2194.7	2197.7	2200.7	2203.7	2206.7	2209.7	2212.7	2215.7	2218.7	2221.7	2224.7	2227.7	2230.7	2233.7	2236.7	2239.7	2242.7	2245.7	2248.7	2251.7	2254.7	2257.7	2260.7	2263.7	2266.7	2269.7	2272.7	2275.7	2278.7	2281.7	2284.7	2287.7	2290.7	2293.7	2296.7	2299.7	2302.7	2305.7	2308.7	2311.7	2314.7	2317.7	2320.7	2323.7	2326.7	2329.7	2332.7	2335.7	2338.7	2341.7	2344.7	2347.7	2350.7	2353.7	2356.7	2359.7	2362.7	2365.7	2368.7	2371.7	2374.7	2377.7	2380.7	2383.7	2386.7	2389.7	2392.7	2395.7	2398.7	2401.7	2404.7	2407.7	2410.7	2413.7	2416.7	2419.7	2422.7	2425.7	2428.7	2431.7	2434.7	2437.7	2440.7	2443.7	2446.7	2449.7	2452.7	2455.7	2458.7	2461.7	2464.7	2467.7	2470.7	2473.7	2476.7	2479.7	2482.7	2485.7	2488.7	2491.7	2494.7	2497.7	2500.7	2503.7	2506.7	2509.7	2512.7	2515.7	2518.7	2521.7	2524.7	2527.7	2530.7	2533.7	2536.7	2539.7	2542.7	2545.7	2548.7	2551.7	2554.7	2557.7	2560.7	2563.7	2566.7	2569.7	2572.7	2575.7	2578.7	2581.7	2584.7	2587.7	2590.7	2593.7	2596.7	2599.7	2602.7	2605.7	2608.7	2611.7	2614.7	2617.7	2620.7	2623.7	2626.7	2629.7	2632.7	2635.7	2638.7	2641.7	2644.7	2647.7	2650.7	2653.7	2656.7	2659.7	2662.7	2665.7	2668.7	2671.7	2674.7	2677.7	2680.7	2683.7	2686.7	2689.7	2692.7	2695.7	2698.7	2701.7	2704.7	2707.7	2710.7	2713.7	2716.7	2719.7	2722.7	2725.7	2728.7	2731.7	2734.7	2737.7	2740.7	2743.7	2746.7	2749.7	2752.7	2755.7	2758.7	2761.7	2764.7	2767.7	2770.7	2773.7	2776.7	2779.7	2782.7	2785.7	2788.7	2791.7	2794.7	2797.7	2800.7	2803.7	2806.7	2809.7	2812.7	2815.7	2818.7	2821.7	2824.7	2827.7	2830.7	2833.7	2836.7	2839.7	2842.7	2845.7	2848.7	2851.7	2854.7	2857.7	2860.7	2863.7	2866.7	2869.7	2872.7	2875.7	2878.7	2881.7	2884.7	2887.7	2890.7	2893.7	2896.7	2899.7	2902.7	2905.7	2908.7	2911.7	2914.7	2917.7	2920.7	2923.7	2926.7	2929.7	2932.7	2935.7	2938.7	2941.7	2944.7	2947.7	2950.7	2953.7	2956.7	2959.7	2962.7	2965.7	2968.7	2971.7	2974.7	2977.7	2980.7	2983.7	2986.7	2989.7	2992.7	2995.7	2998.7	3001.7	3004.7	3007.7	3010.7	3013.7	3016.7	3019.7	3022.7	3025.7	3028.7	3031.7	3034.7	3037.7	3040.7	3043.7	3046.7	3049.7	3052.7	3055.7	3058.7	3061.7	3064.7	3067.7	3070.7	3073.7	3076.7	3079.7	3082.7	3085.7	3088.7	3091.7	3094.7	3097.7	3100.7	3103.7	3106.7	3109.7	3112.7	3115.7	3118.7	3121.7	3124.7	3127.7	3130.7	3133.7	3136.7	3139.7	3142.7	3145.7	3148.7	3151.7	3154.7	3157.7	3160.7	3163.7	3166.7	3169.7	3172.7	3175.7	3178.7	3181.7	3184.7	3187.7	3190.7	3193.7	3196.7	3199.7	3202.7	3205.7	3208.7	3211.7	3214.7	3217.7	3220.7	3223.7	3226.7	3229.7	3232.7	3235.7	3238.7	3241.7	3244.7	3247.7	3250.7	3253.7	3256.7	3259.7	3262.7	3265.7	3268.7	3271.7	3274.7	3277.7	3280.7	3283.7	3286.7	3289.7	3292.7	3295.7	3298.7	3301.7	3304.7	3307.7	3310.7	3313.7	3316.7	3319.7	3322.7	3325.7	3328.7	3331.7	3334.7	3337.7	3340.7	3343.7	3346.7	3349.7	3352.7	3355.7	3358.7	3361.7	3364.7	3367.7	3370.7	3373.7	3376.7	3379.7	3382.7	3385.7	3388.7	3391.7	3394.7	3397.7	3400.7	3403.7	3406.7	3409.7	3412.7	3415.7	3418.7	3421.7	3424.7	3427.7	3430.7	3433.7	3436.7	3439.7	3442.7	3445.7	3448.7	3451.7	3454.7	3457.7	3460.7	3463.7	3466.7	3469.7	3472.7	3475.7	3478.7	3481.7	3484.7	3487.7	3490.7	3493.7	3496.7	3499.7	3502.7	3505.7	3508.7	3511.7	3514.7	3517.7	3520.7	3523.7	3526.7	3529.7	3532.7	3535.7	3538.7	3541.7	3544.7	3547.7	3550.7	3553.7	3556.7	3559.7	3562.7	3565.7	3568.7	3571.7	3574.7	3577.7	3580.7	3583.7	3586.7	3589.7	3592.7	3595.7
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General Insurance Funds	222.3	226.8	-2.1	Equity	609.9	641.4	+23.8
W.P. & P.	226.8	226.8	-	Fixed Income	609.9	641.4	+23.8
Investment Plan Funds				Managed	609.9	641.4	+23.8
Capital Growth	118.1	124.3	+6.2	Real Estate	609.9	641.4	+23.8
Capital Growth II	118.1	124.3	+6.2	Technology	609.9	641.4	+23.8
Capital Growth III	118.1	124.3	+6.2	Commodities	609.9	641.4	+23.8
Capital Growth IV	118.1	124.3	+6.2	International	609.9	641.4	+23.8
Capital Growth V	118.1	124.3	+6.2	Emerging Markets	609.9	641.4	+23.8
Capital Growth VI	118.1	124.3	+6.2	Global	609.9	641.4	+23.8
Capital Growth VII	118.1	124.3	+6.2	Asia	609.9	641.4	+23.8
Capital Growth VIII	118.1	124.3	+6.2	Europe	609.9	641.4	+23.8
Capital Growth IX	118.1	124.3	+6.2	Latin America	609.9	641.4	+23.8
Capital Growth X	118.1	124.3	+6.2	South America	609.9	641.4	+23.8
Capital Growth XI	118.1	124.3	+6.2	Africa	609.9	641.4	+23.8
Capital Growth XII	118.1	124.3	+6.2	Oceania	609.9	641.4	+23.8
Capital Growth XIII	118.1	124.3	+6.2	Other	609.9	641.4	+23.8
Capital Growth XIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XL	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth XLIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth L	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXV	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXVIII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXX	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXI	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXII	118.1	124.3	+6.2		609.9	641.4	+23.8
Capital Growth LXXXXXXIII	118.1	124.3</					

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Money Market

Money Market

OPTIONS

3-month call r
Industrials p Metals & So

Times Friday November 15 1985									
Scottish Life Investments 109 St Andrew Square, Edinburgh 01-225 2211									
UK Equity	119.4	0.0							
US Equity	112.4	0.0							
UK Bond	112.4	0.0							
US Bond	112.4	0.0							
UK Property	112.4	0.0							
US Property	112.4	0.0							
UK Cash	112.4	0.0							
US Cash	112.4	0.0							
UK Dividend	112.4	0.0							
US Dividend	112.4	0.0							
UK Income	112.4	0.0							
US Income	112.4	0.0							
UK Growth	112.4	0.0							
US Growth	112.4	0.0							
UK Balanced	112.4	0.0							
US Balanced	112.4	0.0							
UK Conservative	112.4	0.0							
US Conservative	112.4	0.0							
UK Aggressive	112.4	0.0							
US Aggressive	112.4	0.0							
UK International	112.4	0.0							
US International	112.4	0.0							
UK Global	112.4	0.0							
US Global	112.4	0.0							
UK Diversified	112.4	0.0							
US Diversified	112.4	0.0							
UK Multi-Asset	112.4	0.0							
US Multi-Asset	112.4	0.0							
UK Alternative	112.4	0.0							
US Alternative	112.4	0.0							
UK Special	112.4	0.0							
US Special	112.4	0.0							
UK Hedge	112.4	0.0							
US Hedge	112.4	0.0							
UK Commodity	112.4	0.0							
US Commodity	112.4	0.0							
UK Derivative	112.4	0.0							
US Derivative	112.4	0.0							
UK Structured	112.4	0.0							
US Structured	112.4	0.0							
UK Synthetic	112.4	0.0							
US Synthetic	112.4	0.0							
UK Leveraged	112.4	0.0							
US Leveraged	112.4	0.0							
UK Short	112.4	0.0							
US Short	112.4	0.0							
UK Arbitrage	112.4	0.0							
US Arbitrage	112.4	0.0							
UK Risk-Neutral	112.4	0.0							
US Risk-Neutral	112.4	0.0							
UK Event-Driven	112.4	0.0							
US Event-Driven	112.4	0.0							
UK Distressed	112.4	0.0							
US Distressed	112.4	0.0							
UK High-Yield	112.4	0.0							
US High-Yield	112.4	0.0							
UK Subordinated	112.4	0.0							
US Subordinated	112.4	0.0							
UK Convertible	112.4	0.0							
US Convertible	112.4	0.0							
UK Warrant	112.4	0.0							
US Warrant	112.4	0.0							
UK Option	112.4	0.0							
US Option	112.4	0.0							
UK Swap									

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows little change

The dollar showed little overall change against other leading currencies yesterday. Once again there was a steady undercurrent of demand to provide a base for intervention, but the central bank's intervention did not result in a significant rise. News of a 0.5 per cent fall in US retail sales in October prompted a brief marking down in the dollar's value. In addition the September rise was revised from 2.7 per cent to 2.1 per cent.

Although disappointing, the figures were close to market expectations and appeared to have only a temporary effect. Today sees the release of producer prices and industrial production data and these are expected to provide further evidence of a slowdown in economic growth, putting increased pressure on the authorities to reduce interest rates.

The dollar closed at DM 2.6165 compared with DM 2.6150 and Y203.95. Against the Swiss franc it was unchanged at Sfr 2.1440 and Sfr 7.17 from Sfr 7.1675. On Bank of England figures, the dollar's exchange

£ IN NEW YORK

	Nov. 14	Prev. close
Spot	\$1.4870-1.4880	\$1.4875-1.4885
1 month	0.0000-0.0000	0.0000-0.0000
3 months	0.0000-0.0000	0.0000-0.0000
6 months	0.0000-0.0000	0.0000-0.0000

Forward premiums and discounts apply to the U.S. dollar.

rate index fell to 129.1 from 129.3. Central bank intervention was not readily detected although recent comments by Japanese officials, suggesting that intervention and high interest rates still provided a way to depress the dollar, inhibited any strong improvement.

STERLING — Trading range against the dollar in 1985 is 1.4410 to 1.5525. October average 1.4517. Exchange rate index rose to 79.5 from 79.3. It opened at 79.5 and showed very little change during the day. The six month average was 79.2. Sterling finished a little firmer overall, helped by relatively high

FUTURES AND OPTIONS

Prices fall

Prices fell on the London International Financial Futures Exchange yesterday. London gilt futures fell a full point, with a US commission house noted as a particularly heavy seller. There was no news on the domestic front to prompt the move out of gilts, and many operators in the market were taken by surprise with the sudden fall. It was suggested that another rise in Japanese interest rates is feared, with possible adverse results for gilts, and Government bonds in other countries.

December gilts opened at 111.22, almost at the day's high of 111.23, and little changed until the close. The contract closed at 111.21. The contract closed at the day's low of 110.21. Weakness in the gilt pit spilled over into short sterling deposits, which also closed at or around the lows, in spite of a good performance by the pound on the foreign exchange.

Most volume in sterling deposits is now in March delivery, which fell to 88.95 from 89.01, after touching a low of 88.85.

Weakness in sterling denominated contracts may have also flowed from the decline in cash and futures prices in US Treasury bonds. This followed the approval by Congress of a bill to prevent default on payments by the Federal authorities, and allowing the Treasury to borrow up to \$80bn. The increase in the debt ceiling is only until November 1, after which the Treasury to raise new money will relieve the shortage of paper in the market. December Treasury bonds fell to 79.28 from 80.07, after opening at 80.05. The fall of 2.3 per cent in October US retail sales was towards the larger end of market estimates, but produced only a very temporary rally. Excluding very depressed car sales, the figure rose 0.5 per cent. Euro-dollar futures followed the lead from bonds, with December delivery falling to 92.01 from 92.05.

CURRENCY MOVEMENTS

	Nov. 14	Bank of England	Morgan Stanley	Index	Change
Switzerland	79.5	-10.6	-10.6	-10.6	-10.6
U.S. dollar	189.1	+17.5	+17.5	+17.5	+17.5
Canadian dollar	118.5	+0.5	+0.5	+0.5	+0.5
Australian dollar	92.5	+0.5	+0.5	+0.5	+0.5
Deutsche mark	127.4	+0.5	+0.5	+0.5	+0.5
French franc	118.5	+0.5	+0.5	+0.5	+0.5
Italian lira	44.5	-18.0	-18.0	-18.0	-18.0
Yen	179.1	+30.4	+30.4	+30.4	+30.4

Bank of England changes: average 1280-1285=100. Bank of England index (base average 1975=100).

CURRENCY RATES

	Nov. 14	Bank of England	Morgan Stanley	Index	Change
Starting	79.5	-10.6	-10.6	-10.6	-10.6
U.S. dollar	189.1	+17.5	+17.5	+17.5	+17.5
Canadian dollar	118.5	+0.5	+0.5	+0.5	+0.5
Australian dollar	92.5	+0.5	+0.5	+0.5	+0.5
Deutsche mark	127.4	+0.5	+0.5	+0.5	+0.5
French franc	118.5	+0.5	+0.5	+0.5	+0.5
Italian lira	44.5	-18.0	-18.0	-18.0	-18.0
Yen	179.1	+30.4	+30.4	+30.4	+30.4

* Selling rates.

OTHER CURRENCIES

	Nov. 14	Bank of England	Morgan Stanley	Index	Change
Argentine	1,140.0	-1,140.0	-1,140.0	-1,140.0	-1,140.0
Australia	92.5	+0.5	+0.5	+0.5	+0.5
Belgium	36.0	-36.0	-36.0	-36.0	-36.0
Canada	92.5	+0.5	+0.5	+0.5	+0.5
Denmark	136.5	-136.5	-136.5	-136.5	-136.5
France	118.5	+0.5	+0.5	+0.5	+0.5
Germany	127.4	+0.5	+0.5	+0.5	+0.5
Greece	336.0	-336.0	-336.0	-336.0	-336.0
India	166.5	-166.5	-166.5	-166.5	-166.5
Indonesia	1,665.0	-1,665.0	-1,665.0	-1,665.0	-1,665.0
Italy	44.5	-18.0	-18.0	-18.0	-18.0
Japan	179.1	+30.4	+30.4	+30.4	+30.4
South Korea	166.5	-166.5	-166.5	-166.5	-166.5
Spain	166.5	-166.5	-166.5	-166.5	-166.5
Sweden	136.5	-136.5	-136.5	-136.5	-136.5
Switzerland	79.5	-10.6	-10.6	-10.6	-10.6
Taiwan	166.5	-166.5	-166.5	-166.5	-166.5
Thailand	166.5	-166.5	-166.5	-166.5	-166.5
UK	79.5	-10.6	-10.6	-10.6	-10.6
USA	189.1	+17.5	+17.5	+17.5	+17.5

* Selling rates.

EMS EUROPEAN CURRENCY UNIT RATES

	Nov. 14	Bank of England	Morgan Stanley	Index	Change
Belgium	36.0	-36.0	-36.0	-36.0	-36.0
France	118.5	+0.5	+0.5	+0.5	+0.5
Germany	127.4	+0.5	+0.5	+0.5	+0.5
Italy	44.5	-18.0	-18.0	-18.0	-18.0
Netherlands	36.0	-36.0	-36.0	-36.0	-36.0
Portugal	200.0	-200.0	-200.0	-200.0	-200.0
Spain	166.5	-166.5	-166.5	-166.5	-166.5
UK	79.5	-10.6	-10.6	-10.6	-10.6
USA	189.1	+17.5	+17.5	+17.5	+17.5

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FT LONDON INTERBANK FIXING

	Nov. 14	Bank of England	Morgan Stanley	Index	Change
Three months U.S. dollars	111.21	-111.21	-111.21	-111.21	-111.21
Six months U.S. dollars	111.21	-111.21	-111.21	-111.21	-111.21
Three months U.S. dollars	111.21	-111.21	-111.21	-111.21	-111.21
Six months U.S. dollars	111.21	-111.21	-111.21	-111.21	-111.21

The fixing rates are the arithmetic means, rounded to the nearest sixteenth of the bid and offered rates for \$10m quoted by the market to

Christmas bonuses, in the near future is expected to keep conditions favourable.

In New York Federal funds were set, at around 7 per cent, before lunch, and as the payment of sales to employees in the public sector, including

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 14)

Three months U.S. dollars

bid 7 1/16 offer 8 1/16

Six months U.S. dollars

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Financial Times Friday November 15 1985

[illegible][illegible][illegible][illegible]

35

	Net	Gross	1970	60%
0	0750	11	33	
0	0050	0	153	
0	0040	23	103	
0	0750	—	02	
0	0050	0	111	
0	0230	0	99	
0	0050	18	97	
0	0050	0	99	
0	0270	0	155	
0	0050	0	143	
0	0050	10	50	
0	0040	47	35	
0	0050	0	159	
0	0050	17	72	
0	0720	0	51	
0	0060	14	53	
0	0050	25	26.5	
0	0050	26	20.2	
0	0750	23	23	
0	0050	51	40	
0	0130	20	48	
0	0050	29	33	
0	0050	—	20	
0	0750	25	70	
0	0750	0	16	
0	0100	11	77	
0	0050	12	70	
0	0120	20	44	
0	0750	22	46	
0	0100	15	52	
0	0050	0	20	
0	0750	16	61	
0	0050	0	51	
0	0300	0	59	
0	0050	—	42	
0	—	—	—	
0	—	—	—	
0	—	—	—	
0	—	—	—	
0	0750	0	78	
0	0100	0	48	
0	0050	0	41	
0	0050	0	14	
0	—	—	—	
0	—	—	—	
0	0050	24	63	
0	—	—	—	
0	—	—	—	
0	0050	0	54	
0	—	—	—	
0	0050	0	15	
0	0050	—	20	
0	0100	11	28	
0	0100	0	48	
0	0100	11	28	
0	0100	0	48	
0	0050	0	18	
0	0050	41	20	
0	0150	0	20	
0	0050	12	19	
0	0050	0	71	
0	0050	24	3	
0	0050	0	117	
0	0050	0	76	
0	0050	0	31	
0	0050	12	58	
0	0050	11	42	
0	0050	21	42	
0	0050	39	10.5	
0	0050	37	09	
0	0050	09	09	
0	0050	28	54	
0	0050	14	50	

[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Interest subsidies and equity leaders finally bow to light profit-taking

Account Dealing Dates
Option
*First Declara- Last Account
Dealings tions Dealings Day
Oct 28 Nov 7 Nov 8 Nov 15
Nov 11 Nov 21 Nov 22 Dec 2
Nov 23 Dec 6 Dec 16 Dec 16

Blue chip industrialists finally succumbed to profit-taking after spending much of yesterday consolidating the sharp advance of the previous trading session. Throughout the morning trade, the FT Ordinary share index stayed within a couple of points of Wednesday's record level but it slipped progressively during the afternoon to close 7.7 down at the day's lowest 1081.1.

The possibility that interest rates could remain at current high levels for some time called for a more cautious approach to the market. Any further response to the Chancellor's optimistic view of both the economy and the world was countered by investors showing little desire to set stock.

Special situations began to dominate proceedings with interest focussing sharply on Electrical issues. Hopes that Plessey would turn the tide for the sector, which has suffered many misfortunes this year, were dashed when the group announced second-quarter profits well below expectations. Only Plessey were affected initially but the dullness spread later to encompass leaders in other market areas. Plessey closed 6 down at 134p but was changing hands at 126p late in the evening.

The interest rate factor unsettled Government securities. Traders also began to worry about the authorities' funding tactics—the remainder of the tranche of Conversion 94 per cent 2000 1/2s sold on Wednesday at a surprisingly low bid—so there were few buyers operating. After the previous day's technical rally, a mood of depression set in and prices weakened on persistent small sales. The long bore the brunt of business and selected high-coupon maturities settled 7 lower. Index-linked shares recorded similar losses, but conventional shorts were only 1 or so easier.

Exco International remained volatile and touched 240p before settling 11 up on balance at 228p. Confirmation that the Kuwait Investment Office had bought British Telecom and Commonwealth's stake in Exco was quickly followed by surprise news that the stake had changed hands once again. Brokers James Capel, acting on behalf of Malaysian businessman Tan Sri Teck Puan, acquired the 53m Exco shares at 224p each, increasing the latter's interest to around 25 per cent.

Royal advance

Royal Insurance responded to the much better-than-expected third-quarter profits with a leap

of 33 to 763p, after 768p. General Accident firmed 10 more to 730p following comment on the impressive nine-month results, but Commercial Union fell 10 to 243p after adverse comment in the wake of the quarterly figures.

Clearing banks turned easier after their recent good run. Sporadic profit-taking left NatWest at 633p, and Midland at 443p, down 10 pence, while Barclays relinquished 7 at 446p and Lloyds softened a couple of pence to 456p. Elsewhere, Mer-Saul Steinberg's Reliance Group recently acquired a 10 per cent stake, improved 5 to 680p.

Oil and gas group knock made a quiet market debut, the shares, offered at 55p, opened at 53p and settled at 53p. Regional Breweries continued to give ground in the wake of the Monopoly Commission report, but any future takeover attempt in the sector will be subject to investigation. Prices improved elsewhere, Distillers but losses still ranged to 8 as in Wolverhampton and Dudley at 355p. Yaxley fell 5 more to 358p, while Greene King closed a similar amount off at 215p, after 213p. Bartswood dipped 25 to 485p following the interim statement. Elsewhere, Distillers but losses still ranged to 8 as in Wolverhampton and Dudley at 355p. Yaxley fell 5 more to 358p, while Greene King closed a similar amount off at 215p, after 213p. Bartswood dipped 25 to 485p following the interim statement.

French Kier provided one of the day's outstanding moments, advancing to 255p before closing a net 21 higher at 245p, following the acquisition by C. H. Beazer of Trafalgar House's 25.7 per cent holding in FK and subsequent share-exchange offer from Beazer for French Kier, currently worth 233p per share. On the announcement, FK Beazer reacted to 482p before settling 14 lower on balance at 488p; Trafalgar House improved 5 to 377p. Elsewhere in the Building sector, M. J. Gleeson gained 8 to 264p in reply to the good annual results, but George Wimpey lacked support and shed 4 to 126p, while Taylor Woodrow lost the same amount to 51p.

ICI, a particularly firm market on Wednesday, drifted back in the absence of further support to close 9 down at 601p. Laporte gave up 6 to 352p and Fosco softened 4 to 218p. Elsewhere, Leigh Interests attracted speculative support amid vague rumours that the stake had changed hands and the close was 15 higher at 116p; the half-year results are due on November 25. British Benzol firmed 11 to 25p on news that the investment and Finance company controlled by Mr A. Ferguson, a non-executive director of British Benzol, had acquired a 4.4 per cent stake in the latter, in response to a point to 218p in response to better-than-expected third-quarter figures.

Plessey's disappointing second-

FINANCIAL TIMES STOCK INDICES

	Nov. 14	Nov. 13	Nov. 12	Nov. 11	Nov. 10	Nov. 9	Nov. 8
Government Secs.	83.85	83.85	83.85	83.85	83.85	83.85	83.85
Fixed Interest	88.72	88.81	88.65	88.66	88.66	88.66	88.66
Ordinary	1081.1	1086.8	1074.5	1070.2	1068.5	1073.5	911.6
Gold Mines	263.9	263.8	267.4	265.8	265.3	263.8	261.8
Ord. Div. Yield	4.43	4.42	4.48	4.48	4.44	4.47	4.68
Earnings, Ytd. %	11.04	10.98	11.11	10.99	10.89	10.97	11.27
P/E Ratio (net)	11.16	11.28	11.10	11.25	11.36	11.28	10.63
Total Bargains (Est.)	22,331	22,373	22,304	22,397	22,390	22,353	11,687
Equity turnover £m.	544.14	486.61	483.87	594.88	599.71	285.45	
Equity bargains	22,749	22,741	24,250	27,075	25,274	16,883	
Shares traded (mil.)	285.9	212.8	200.8	280.8	285.9	178.2	

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to 155p, but fresh support lifted Scepter 7 to a new peak of 172p.

Grand Metropolitan touched 380p prior to closing a net 8 up at 378p on confirmation that the group is negotiating the sale of Mecca Leisure and Warner Holidays interests. Ladbrokes, still reflecting the Manhattan Tower office lettings, hardened 2 more to 332p, but Trusthouse Forte, a good market on Wednesday on a vague US bid rumour, softened a penny to 154p.

Among television issues, LWT A shed 5 to 275p following the annual results. Motor Components were subject to fresh profit-taking. Lucas dipped 7 to 405p, while Automotive Products fell a similar amount to 85p. Distributors, however, made progress where needed. Revived takeover speculation lifted Kvaerner 10 to 180p, after 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, November 1

[illegible]

Continued on Page 30

AMEX COMPOSITE PRICES

Prices at 3pm, November 14

OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

Continued on Page 37

